

Police tactics not to blame for riot, Scarman told

By Lucy Hodges

The police officer who devised the "Swamp 81" operation to combat street crime the week before the Brixton riots said yesterday that it was not responsible for the outbreak of violence on Friday, April 10.

For that reason it was decided not to call off the exercise the next day because it could have been seen as a provocation.

Det Chief Insp Jeremy Ploverman, who joined Brixton police station in January this year, told the third day of the Scarman inquiry: "I do not believe this operation heightened the temperature of the day, nor caused the disturbances."

People in the public gallery at Lambeth Town Hall were restless during Mr Ploverman's cross-examination and there were cries of "bustle" after some of his answers. He said that the "Swamp 81" operation, in which 100 police officers in plain clothes were put on the streets of Lambeth, was a success.

He insisted that the methods used were sensitive. The operation motivated his men and made them more enthusiastic. It led to 543 people being stopped and 100 arrested, and 79 matters becoming subject to criminal proceedings.

Street crimes fell by about 50 per cent. Swamp 81 had the approval of Commander Brian Fairbairn the officer in charge of the area including Brixton, and had been discussed with the community affairs officer, he said.

"His advice was that the

temperatures were low and that there were no problems that could be foreseen. The operation was a response to what Mr Ploverman said was a rapidly worsening crime rate in March.

It was intended to be a low-profile exercise, unlike the Special Patrol Group operation of previous years. But it was not discussed with leaders of the black community because it was a covert operation, he said.

The average age of the Swamp officers in Brixton was 24 years and nine months. They were not instructed to look for black people but most street robberies, muggings and pick-pocketing were committed by blacks, mainly between the ages of 14 and 17, he said.

Mr Ploverman said: "Fifty-six per cent of all footpad crimes in London were committed in the Brixton area of Lambeth, he said. The victims were mainly old white women."

The Swamp officers were instructed to use surveillance and to act on suspicions to stop people and to be persistent and questioning. They were told to be polite, firm and civil, he said.

Mr Ploverman added that used

The police were prevented from talking to Michael Bailey, the stabbed youth, on the Friday because local blacks did not want him to disclose who was responsible for the stabbing, Mr Ploverman said.

He said he knew Swamp 81 would be used as a reason for the disturbances when news of it was published on April 13. But it was the drugs raid which caused the disturbance, he said.

Miss Caroline Tisdall, a journalist, told Lord Scarman that she saw two men, whom she assumed to be plainclothes policemen, carrying iron bars. "I spoke to the large, fair-haired man and said his iron bar made a terrible impression and it would be better if he put it away," she said. "He was in a mood of some excitement and said: 'It's great. It's like Nothing Hill Gate'."

Miss Tisdall, former art critic of *The Guardian* and now a freelance journalist, criticized police tactics before and during the riots. She was convinced that the crowd of black youths would have dispersed if the police had withdrawn.

She blamed the riots on the build-up of outside police forces in the area, the rumours circulating about the stabbed youth and the Swamp 81 operation of the week before.

She said she was "heavily beaten" by the police.

Labour leader tries to form Dublin coalition

From Christopher Thomas, Belfast

Mr Charles Haughey's chances of remaining Prime Minister of the Irish Republic ended yesterday, but the outcome of last week's inconclusive general election was far from certain.

The Labour Party, with 15 Dail seats the third biggest political grouping in the Republic, elected a new leader whose coalition views are well known.

Mr Michael O'Leary, aged 55, the deputy leader and a former trade union official, was unanimously chosen by the Parliamentary party to succeed Mr Frank Cluskey, who lost his seat.

He will attempt to create a coalition government with Fine Gael, as in 1973-77, but the task will not be easy, partly because of sharp differences over the need for a wealth tax.

Fine Gael which has strong support from the middle classes and big landowners, is determined not to accept an earlier disastrous attempt to form a coalition with the Labour Party, however, as the commitment to a wealth tax is not negotiable.

Mr O'Leary is due to report to a special delegate conference on Sunday week, a week later than originally scheduled, on

the prospects for a coalition. The Dail is due to appoint the new administration on June 30.

Mr O'Leary has exercised his right to relinquish his seat in the European parliament and to nominate Mr Cluskey as his successor. Mr O'Leary is a Cornman, first elected to Parliament in 1966, and represents Central Dublin.

He is regarded as a right-wing member of the party, in line with his predecessor.

The number of Republican-bunger strikers at the Maze prison, near Belfast, is to be increased from six to eight and held at that level, Provisional Sinn Féin said yesterday.

The plan is to replace every man who dies. There was no indication when the extra two men would begin fasting. The idea appears to be to ensure that at least one man is in the prison who is not a hunger striker.

A policeman shot in an ambush in Northern Ireland last night died later in hospital (see Press Association report). The part-time RUC reservist, aged 25, was ambushed in his car near his home at Carrickmore, Co Tyrone.

Steelmen reject move towards the SDP

From Paul Routledge, Labour Editor, Bournemouth

The Social Democratic Party yesterday fell at the first fence in its attempt to win support from trade unionists, disillusioned with the Labour Party.

Delegates to the policy conference of the Iron and Steel Trades Confederation (ISTC), which is traditionally well to the right of the Labour Party spectrum, threw out a proposal that political donations should be suspended and consideration given to supporting the SDP.

Only two of the 255 delegates voted for the proposal, put forward by a steel mill branch at the works of the British Steel Corporation at Lakenby, Teeside. They were Mr Alan Hampson and his brother Albert, who is a member of the SDP.

By a margin of 8 votes, dele-

gates agreed to seek a change in the party's electoral college designed to give MPs half the votes in the leadership election instead of 30 per cent as agreed by the Wembley conference in January.

In his speech to the delegates, Mr Michael Foot, the Labour Party leader, who favours this change, appeared to tone down his attack on Mr Wedgwood Benn, the left candidate for the deputy leadership against Mr Healey.

The Opposition Leader made only a passing reference to allegations that he was conducting a "witch hunt" against the party to settle its differences and to turn its thumbs on the "real enemy", the government.

Moderation vote by civil servants

By David Felton, Labour Reporter

The threat of an all-out strike by Britain's 530,000 white collar civil servants receded last night and union leaders will meet today to decide how best to continue the 14-week pay dispute.

Most union members voting at meetings around the country over the last week were against a national strike, but recorded strong support for continuing and intensifying the present campaign of selective strikes.

The only exception was the Civil and Public Services Association, the biggest union, where there was a clear majority in favour of a national strike. The union's executive decided last night to press for the strike to go ahead when members of the Major Policy Committee of the Council of Civil Servants meet in London this morning.

Union leaders were predicting that there is unlikely to be unanimity among the nine unions of the committee but even those who are strongly opposed to a national strike believed that a consensus would appear which will enable the strikes to continue and in some areas be intensified.

Just over 100,000 members of the CPSA voted at branch meetings and nearly 45,000 were in favour of all-out action. Nearly 33,000 voted to accept the Government's 7 per cent pay offer and about 24,000 supported continuing the present campaign.

Mr Kenneth Thomas, general secretary of the CPSA, said that his executive regarded the vote as a clear mandate for a national strike. "One interesting aspect of the votes of other unions was that nobody has got a really significant vote for settling with the Government."

That view was echoed by Mr Anthony Christopher, general secretary of the moderate inland Revenue Staff Federation, whose members voted 21,000 to 17,000 against an all-out strike, but registered support by a 5 to 1 majority for continuing the selective action.

"With these votes we face in the IRSF a degree of militant determination unthinkable a short while ago," Mr Christopher said.

The second biggest union, the Society of Civil and Public Servants, has returned a vote of 63 per cent against a national strike. Local meetings showed overwhelming support for continuing the present strategy.

British Airways said last night that the action by air traffic controllers at Heathrow today will involve 25 cancellations on European and domestic routes and that 12 shuttles to Manchester, Edinburgh and Glasgow would also be cancelled (see Press Association reports).

The Government announced new regulations yesterday to safeguard new pensioners whose claims have not been processed because of the Civil Service dispute (see Press Association reports).

Mr Norman Buchan, Labour social security spokesman, said: "The Government has known about this problem for more than three months. People due to retire on June 29 could actually lose their pensions."

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passers-by quickly put out the small fire, Scotland Yard said. The only damage to the building, in Walworth Road, Waltham, was slight scorching of the sill.

Police and more than 20 firemen were on the scene within minutes of the alarm being given, shortly after midnight. "There is no doubt that it was an arson attack," police said.

The University Grants Committee is expected to decide today whether to break with normal practice and issue a general explanation of its recommended cuts in response to home students of about £250m.

There is a notice board to be found at times outside room 12 in the committee corridor of the House of Commons which says "Queue here for the Wildlife and Countryside Bill". It is a sign that will be evoked by many a minister slogging away on less emotional matters in rooms either side, with an audience of little more than the Palace of Westminster or the stony tourist. The Wildlife and Countryside Bill would seem to have stirred the nation's conscience in a way that rarely happens with more routine legislation.

Today is possibly the last chance for the Opposition to get its views on the conservation and environment lobby, to be heard. The bill is being pushed through the House of Commons, and now the Commons, there has been one of the most successful lobbying exercises to have been carried out in recent times.

The farming and land-owning interests have been like a small voice crying in the wilderness, seldom heard outside their own specialist journals. The dozens of animal welfare, conservation and recreational bodies have joined forces in an impressive display of strength to apply as much pressure as possible on the Government and the Department of the Environment in particular.

Anyone visiting room 12 for a quick assessment of the Bill's prospects will be inundated



Schoolboys reach for the sky

A two-seater aircraft built by schoolboys taking to the air at Truro, Cornwall, yesterday for its first official flight.

The Spirit of Truro was built by Mr Dennis Kean, head of design technology, at Truro School, with help from 80 pupils to show the rest of Britain what can be achieved by enthusiasm and ingenuity (see Press Association report).

FREE VOTE MOVE ON SANDS BILL

By Philip Webster, Political Staff

The Shadow Cabinet decided last night to recommend to the parliamentary party that Labour MPs be given a free vote next Monday on the Bill preventing convicted criminals serving a jail sentence from standing for Parliament.

It is known that a large majority in the Shadow Cabinet opposes the Representation of the People Bill which has been introduced by the Government to prevent a repetition of the Fermanagh and South Tyrone by-election in which Robert Sands, the Provisional IRA hunger striker, was elected to the Commons.

Mr Roy Hattersley, shadow Home Secretary, and Mr Michael Foot, the party leader, intend to try to persuade their colleagues to vote against it.

But by recommending a free vote the Shadow Cabinet is avoiding a potentially embarrassing situation.

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Wildlife Bill approaches climax

Preparing for Denis Howell's last stand

By Hugh Noyes, Parliamentary Correspondent, Westminster

This would be done by means of a management agreement with the financial arrangements decided on the basis of ministerial guidelines.

The Sandford issue also involves the encouragement of tourism and craft industries and the maintenance of a minimum level of population. The Government's new clause, covering the Sandford issue, will be voted on today and may well prove to be the last stand of Mr Denis Howell, Minister for natural

disasters in the last Labour government and now the party's spokesman responsible for organizing the voice of countryside conservation.

Not that that voice has been backward in making itself heard. Over the past few weeks and months, as the Bill has surged relentlessly onwards through the House of Lords and now the Commons, there has been one of the most successful lobbying exercises to have been carried out in recent times.

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with earnest pleadings from a host of worthy bodies such as the Ramblers, Council for the Preservation of Rural England, Royal Society for the Protection of Birds, World Wildlife Fund, Friends of the Earth or the League Against Cruel Sports, to mention only a few.

Decisive pronouncements on the Bill will be made with predictions that if this or that is not included, it will not be worth the paper on which it is written. At the drop of a hat, Mr Howell will announce that he is so disgusted at what is going on, or at the intransigence of government ministers, that he is off to discuss with the amenity groups whether it is worth trying to make any further progress or whether the Bill should be taken to death.

The impression throughout is that Mr Howell is as much in the pockets of the environmentalists as it is claimed the Department of the Ministry of Agriculture and the National Farmers' Union.

But the image of the implacable hostility is the ever-present and formidable Mr Tom Deyell, Labour MP for West Lothian, who is a mine of sinister predictions. Mr Deyell will be best remembered in Parliament anyway, for his part opposition to the last Labour government's Scottish legislation and for his scurrilous attacks on behalf of Diego Garcia, a remote island in the Indian Ocean.

Any issue that brings down on itself the wrath of the MP for West Lothian must always be considered as in some danger.

With more than 1,000 amendments and 50 new clauses behind them, Government and Opposition will be under no illusions that the bill will emerge as anything but a big exercise in compromise.

The Government yesterday published its proposals for restricting agricultural grants for projects likely to have an adverse effect on the natural beauty and public enjoyment of the countryside (see Planning Reporter writes).

Speaking to the Commons standing committee on the Wildlife and Countryside Bill, Mr Tom King, Minister for Local Government and Environmental Services, said he hoped the clause which had been drafted for insertion into the Bill faithfully reflected the spirit of the so-called Sandford amendment, which was passed by the Lords.

The essence of the new clause is a provision for withholding grants in national parks or other specified areas if planning authorities object that a particular project will adversely affect beauty or amenity.

But as Opposition members pointed out, the clause falls short of the Sandford amendment in not providing grants to be used positively for conservation and for developing tourism and craft industries.

Although the CAT and NMR machines both show similar slice-like pictures through the head and body, there is a fundamental difference between the two pictures. The NMR image is obtained from the hydrogen which is abundant in the water in tissues; thus fluids and wet tissues show up clearly, and bones are invisible.

The NMR image is obtained by exploiting the fact that the atoms of certain elements behave like tiny magnets. This phenomenon produces distinctive signals whereby elements can be fingerprinted precisely, if used for analysing complex compounds, or from which pictures can be synthesised for medical diagnosis.

An NMR signal, or magnetic resonance, also contains a vital piece of information about the physical chemistry of the tissue under examination which identifies it as cancerous or normal.

But the task of transforming a specialized scientific instrument into a medical one, which will cost about £500,000 each if it goes into commercial production, has involved for many months ago.

Only six months ago, medical researchers thought the diagnosis of brain abnormalities was likely to be the first medical application.

It is clear that NMR imaging will more than fulfil its prospects in detecting cancer, brain disease such as stroke, nervous disease including disseminated sclerosis, and diseases involving swellings.

But because these pictures contain information about the chemical and biological structure of tissues which is unprecedented in this type of medical work, there are indications that metabolic disorders may be identified in examining tissues that reveal no alteration in the available methods for physical examination.

Two killed as building collapses

Firemen last night recovered two bodies from a tenement building which collapsed in Glasgow while being demolished.

The bodies were found after a desperate search through tons of rubble by firemen and coal mine rescue experts.

Initially, police had thought that more people might be trapped in the ground-floor barber's shop, after the two bodies were removed. But after firemen had checked the building, the search was called off.

The incident happened at a four-storey building which had a barber shop on the ground floor. A demolition team had moved in to knock down the upper floors of the building to leave his shop standing alone.

But while they were working, the interior collapsed on to Mr Eusebi's shop.

Three of the five men demolition team were able to scramble clear. The other two, Mr James McHugh and Mr Dennis Ashcroft, both from Sheffields, were trapped for half an hour. They were taken to hospital.

When striking ambulancemen heard of the collapse on their radios at a public house nearby, they sped to Sheffields Road. Their union spokesman, Mr Ian Caddell, said: "This is a serious incident and there was no way we were going to stand by on a picket line while this was taking place."

Three hours after the collapse, the body of Mr Eusebi was brought out. Soon afterwards the second body was found. It was a customer in the barber shop, Mr John Wilson, 47, of nearby Pettigrew Street.

The Prince of Wales named the aircraft when he visited the school last year, and a painting of its first official flight is to be sent to him as a wedding present.

Home Office to merge two critical research units

By Peter Evans, Home Affairs Correspondent

Two research bodies in the Home Office which have produced findings embarrassing to the Government are to be amalgamated and brought more firmly under official control.

Only six months ago, the Research Unit, which angered police by producing an unpublished report into the way they investigated complaints against them of assault.

The other is the Crime Policy Planning Unit. In 1977, it published a working paper, saying stiffer penalties would not work, three months after Mr William Whitelaw, then in opposition, promised that the Conservative would operate a glasshouse system of detention centres for some young delinquents "so that they receive a short, sharp shock treatment which I hope will deter at least some of them from getting into the mire of crime."

The amalgamation of the bodies into a Research and Planning Unit was confirmed yesterday by Mr Whitelaw, the Home Secretary, in a parliamentary written answer.

Though the official Home Office view is that the amalgamation is not to curb independence, that opinion is not shared by criminologists. Mr Martin Wright, director of the Howard League for Penal Reform, said last night that the independence of the Home Office Research Unit had been undermined.

The Research Unit came under the Chief Scientist, Dr Oliver Simpson. The new amalgamated unit will be the responsibility of Mr A. J. E. Brennan, a deputy secretary in charge of the criminal divisions. Mr John Croft will be its head, as he is now of the present Research Unit.

Science report

A new aid in the fight against cancer

By Pearce Wright

A new machine has been used by doctors to identify a lump on the liver of a woman aged 68 as a cyst and not a tumour after all other tests failed to provide an unambiguous diagnosis.

The examination, at Aberdeen University, was made with equipment that produces images by the process of nuclear magnetic resonance (NMR).

The diagnosis is only one of several remarkable findings by Dr Francis Smith and Dr John Mallard in looking at 150 patients in a trial of NMR imaging. They show conclusively that the procedure can identify deep-seated cancerous tissue less than the size of a pinhead.

Dr Smith describes pictures taken of the head and whole trunk of patients as of "unbelievable quality". The development of NMR imaging is regarded as potentially as important as the famous CAT X-ray scanner invented by Mr Godfrey Hounsfield.

To explain the advantage of NMR imaging is far easier than to describe how it works. It is said to be almost completely risk-free because it is a non-invasive method for seeing what is happening in the body.

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Ripper squad on trial by press, police chief says

From Ronald Kershaw, Wakefield

Mr Ronald Gregory, the Chief Constable of West Yorkshire, strongly defended his force yesterday when he spoke of the orchestrated scorn and condemnation poured on the police because of its handling of the Yorkshire Ripper case. "Peter Sutcliffe was not the only person on trial," he said. Addressing the West Yorkshire County Police Committee he said the commendation given by Mr Justice Boreham, the trial judge to the police had received scant comment in the press. "It could only have complicated the orchestrated attack already prepared to launch upon the police," Mr Gregory commented. The attacks by the press had all combined to cloud the truth of the investigation, disclosure of which was prevented by rules governing sub judice and contempt. "Since then, books said to have been written by experts take us into the land of fantasy and fiction. Self-styled pundits of crime detection can now tell us, with hindsight, where we went wrong. "How sad it was to see the scramble to share the notoriety and join in the shameful and ill-informed vilification of the police," he said. Many hundreds of police officers were engaged on the Ripper murder investigation, Mr Gregory said. It was inevitable that some mistakes were made but it was a much easier task, to say the least, than what might have been done than to have found sufficient evidence to make an arrest. "How silent they all were before Sutcliffe was arrested. The Chief Constable said he would not have supported Mr George Oldfield and Mr James Hobson, the leaders of the investigation, and hundreds of police officers from several forces if he had thought there had been serious neglect. They had cut themselves off from their wives and families to devote their energies to the detection of the killer, Mr Gregory said. Recalling Mr Justice Boreham's reference to the five-year "nightmare" for the police, he said he would add his own commendation to the Ripper squad for their tenacity. "I would like to mention in particular Sergeant Desmond O'Boyle, Inspector John Boyle and Sergeant Peter Smith." Those three officers in particular, had behaved immaculately. "They never put a foot wrong. I therefore hope that, and I rarely give them, may be conveyed to the Chief Officer of Police."

Threat by doctors to ban sick notes

By Nicholas Timmins and Pat Healy

Family doctors are to refuse to sign sick notes for periods of up to seven days from January 1, if they are not connected by then that the Government will shortly afterwards introduce self-certification by patients for the first week of illness. The decision came as the Government yesterday published its revised proposals for a new sick-pay scheme. The proposals, however, stopped short of any commitment to introduce self-certification from April next year. Family doctors voted overwhelmingly to take unilateral action, if necessary, at the annual conference of local medical committees which represents all 27,000 general practitioners. After the vote, Dr John Ball, chairman of the British Medical Association's family doctors' committee said: "The message to government is clearly that they have got to get on with the job."



Royalty keeps ahead of Ascot styles

Royalty stepped out in differing styles yesterday for the carriage drive on the second day of Royal Ascot. The Queen Mother (above) wore an off-the-face veiled hat while Princess Margaret wore an exotic plumed Rajah-style turban. Princess Alexandra (below left) and Lady Diana Spencer preferred less flamboyant headgear. Lady Susan Hussey, one of the Queen's most trusted Ladies in Waiting, later took Lady Diana under her wing as the Prince of Wales was away in New York. She hardly left her side and walked with her to the paddock when the Royal Family went to look at the runners for the third race. Ascot report, page 11

ASH attack on VIPs' Wimbledon outing

By Michael Clark

Mr Peter Macadam, outgoing chairman of British American Tobacco Industries, yesterday defended his company's actions in inviting senior civil servants, politicians and foreign diplomats to attend this year's Wimbledon tennis championships at shareholders' expense. Mr Macadam, knighted in last week's Queen's birthday honours list, was replying to written questions at the group's annual meeting held in London. The questions were raised by one of its shareholders, Ash (Action on Smoking and Health), the anti-smoking group. Dr Muir Gray, from Oxford, the spokesman for Ash, asked what justification the company had in entertaining the special guests at Wimbledon. The chairman replied that while ASH held only one share of the 364 million in issue it still had every right to express its views at the meeting, although its long-term interest in the group was doubtful. He said the questions, as usual, were designed to attract further publicity to ASH's campaign to bring in further legislation to control smoking. But he remained unrepentant about the entertaining and said the company was allowed to entertain politicians, civil servants and overseas diplomats as it would entertain clients in the normal course of events. In addition, he described as erroneous suggestions in the BBC TV Panorama programme linking cigarette smoking with ill-health. The company has legal actions pending in the United States and Argentina concerning allegations about ill-health brought about by smoking. British American is one of the world's biggest cigarette manufacturers competing in markets in Europe, the United States, Latin America, Asia and Australia. Last year it made £479m pre-tax profit against £481m with over 42 per cent of its activities evolved from tobacco.

Challenge to verdict on force-fed youth

An inquest jury's verdict that a black youth aged 19 who died in a remand centre after being forcibly fed died of "self neglect" was challenged by his mother in the High Court in London yesterday. Mrs Paulette Campbell, a typist, of Clarence Lane, Putney, London, asked Lord Justice Watkins and Mr Justice Glidewell to quash the verdict on Richard Campbell, who died at Ashford remand centre, Middlesex, of dehydration on March 31, 1980. Mr Stephen Segley, for Mrs Campbell, told the court: "The jury wanted to return a verdict of neglect by the authorities. But, as the evidence will show, they were dissuaded by the coroner from doing so."

Criticism of faulty death certificates

From Peter Evans, Home Affairs Correspondent, Brighton

Police surgeons fear crimes may be undetected because causes of death are not properly diagnosed properly. Dr R. J. R. Moffat, a general practitioner who serves as a police surgeon in London with the Metropolitan force yesterday called for action by the Association of Police Surgeons of Great Britain over faulty death certificates. He told the association's annual conference in Brighton that 20 per cent of certificates did not give the correct cause of death, according to a Royal College of Physicians working party. Dr Moffat said: "In recent years we have noted with dismay that some other GP colleagues are less than keen to assist the police with the natural deaths of patients under their care."

Flaxman home ruling defended

By John Young, Planning Reporter

Local authorities were not entitled to change their minds and retain properties acquired by compulsory purchase for demolition and redevelopment, the Government made clear yesterday. The subject was raised in the House of Lords by Lord Sudeley, who said he was specifically concerned at the impending demolition of No. 7 Greenway, London, which was once the home of John Flaxman, the sculptor. The house is in a substantial block of Georgian terraces which Westminster City Council intends to replace with new buildings. Replying to Lord Sudeley, Lord Bellwin, Parliamentary Under Secretary at the Department of the Environment, said local authorities should not use their compulsory purchase powers without fully considering other courses of action and the likelihood of future changes in circumstance or policy. To allow them the power to keep properties bought by compulsory purchase for demolition, would discredit public inquiries. Since the Flaxman house had been listed as of historic and architectural interest before the public inquiry into the purchase order took place, the latter should be seen in retrospect as a joint inquiry into the merits of the clearance scheme as a whole, and the demolition of a listed building in particular. It must be assumed, therefore, that the merits of the building had been considered at the inquiry, and that it was with that knowledge that consent to demolish had been given.

Complaint over 'Mail' report upheld

The Daily Mail should not have published a report about Mr Mosyn Evans, general secretary of the TGWU legal department, complained to the editor, Mr David English, that neither of the general secretaries made such remarks, which Mr Evans also denied. Mr Iain Mackie, assistant managing editor, replied that the information was from a very reliable source and was confirmed. The Press Council's adjudication was: "The story in the Daily Mail appears to have been based on what an unidentified trade union leader is alleged to have told the newspaper."

It contained allegations misrepresenting the attitude of Mr Mosyn Evans, general secretary of the Transport and General Workers' Union, and said these were made by two other general secretaries, Mr Ray Buckton, of the Association of Locomotive Engineers and Firemen, and Mr Jim Slater, of the National Union of Seamen, or one quoting one of them but not identifying which. Both have been categorically denied to the Press Council making the allegations and comments. No evidence has been put before the council by the Daily Mail that either ever said what is alleged.

The Daily Mail ought not to have published the original story, but having done so it should have published a correction. The complaint against the Daily Mail is upheld.

CHEMICAL FIRMS FACE PAY FIGHT

The biggest union in the chemical industry, the General and Municipal Workers' Union, is to press for individual pay rises with 145 companies, after delegates at a special conference yesterday decided against strike action over the employers' 7.2 per cent offer. The delegates, meeting in London, approved a five-point programme which included submitting local claims and holding lots on strike action if they fail. Mr David Warburton, the union's national officer, said afterwards: "If companies negotiate with us and we reach sensible deals, we shall not take action, but I anticipate major problems in many areas for the first time."

More men are retiring earlier, survey shows

By Pat Healy, Social Services Correspondent

Rising unemployment is accelerating the trend towards earlier retirement among men, according to the preliminary results of the General Household Survey for 1980. Only 67 per cent of men aged 60 to 64 were still at work or looking for jobs, a decline of 8 per cent over 1979, the survey shows. Earlier retirement among men aged 55 and over has been gradually increasing since the mid-1970s, but the new figures indicate that there was a particularly sharp increase in the 60-64 age group last year. It almost matched the 3 per cent increase over the previous four years, and is attributed more to the effect of the economic recession on employment levels than to genuine choice. The figures also suggest that concern about the impact of present economic policies on women's employment may have been exaggerated. The proportion of economically active married women remained static between 1979 and 1980, while the proportion of "non-married" women in work, which include widows, divorced and separated wives, rose by 2 per cent. The survey figures also show that 17 per cent of the total unemployed do not register. Rising unemployment has, however, had little effect as yet on the acquisition of consumer durables.

IMPORTANT INFORMATION ABOUT HOW TO CLAIM YOUR RETIREMENT PENSION.

Because of strike action at DHSS computer centres special arrangements are necessary to deal with claims for retirement pensions.

If you already get a retirement pension.

Carry on collecting your pension as usual. These special arrangements will **not** affect you.

If you are about to retire.

Here's what to do if you reach pension age (60 for women; 65 for men) after 6 July **and** intend to retire from your normal full time job:

- A few weeks before you retire, phone or write to your local DHSS Office asking for a retirement pension claim form.
- Fill in the form and send it back to the same office. Don't delay, or you could lose money.
- Contact your local DHSS office if you need advice about your claim; or if you don't have enough money to live on and want to claim supplementary benefit.

It may not be possible to work out your full pension entitlement straight away.

In most cases you will get a basic rate pension at first. As soon as possible this will be adjusted to the correct rate and backdated where necessary.

Issued by the Department of Health & Social Security

Racism blamed for school failures by West Indians

By Diana Geddes, Education Correspondent

Racism, negative teacher attitudes and an inappropriate curriculum play a major part in the under-achievement of West Indian pupils in schools. But there is no single cause for their poor performance, the committee of inquiry into the education of ethnic minorities says in a 120-page interim report on West Indians officially published yesterday.

The interim report, whose main findings were first reported in *The Times* on May 22, says that much of the evidence received by the committee pointed to the cycle of West Indian under-achievement beginning in the pre-school years. It calls for improvements in pre-school provision.

It believes that the linguistic difficulties of West Indian children have been unduly emphasized. It does not accept that language plays any part in the under-achievement of West Indian children in British schools, most of whom were born in this country.

It agrees that both the curriculum and the examinations system have not responded sufficiently to take account of Britain's multi-cultural society. It does not favour the introduction of special "black studies" courses, but recommends that a multi-cultural approach should be adopted for all children, black and white.

The report believes that discrimination over jobs is still widespread and that, together with the disproportionately high unemployment rate among West Indians, may have a "demotivating effect" on West Indian pupils in schools and discourage them from achieving their full potential.

The committee calls for a comprehensive system for the collection of statistics on the ethnic origins of pupils, students and teachers. It was convinced that the absence of ethnically based statistics throughout the education system had contributed to the lack of positive action to identify and seek to remedy the under-achievement of West Indian pupils.

Mr Mark Carlisle, Secretary of State for Education and Science, told the House of Commons that he intended to consult widely on the report's implications for the education service.

He expressed his gratitude to the committee and to its former chairman, Mr Anthony Rampton, for the preparatory work. He did not comment on the report itself. It is understood that his dissatisfaction with what he considered to be a weak and inconsistent report was partly why he decided to replace Mr Rampton by Lord Swann, Provost of Oriel College, Oxford.

Three white members of the committee have since resigned, purportedly over Mr Rampton's dismissal, though they were unhappy about the emphasis placed in the report's conclusions on racism to the virtual exclusion of other factors such as home background.

As reported in *The Times* on June 11, early drafts of the report had suggested that the home and cultural background of West Indian pupils and racism, both unintentional and intentional, lay at the heart of their apparent under-achievement. But reference to the home background was omitted from the conclusions in the finalized report.



A class apart: West Indian children and those of other minorities are still neglected.

Research conflicts with findings

By Our Education Correspondent

There is little direct evidence of the effect of racism, teachers' attitudes or of the content of the school curriculum on the academic performance of West Indian pupils according to a major survey of the relevant research over past 15 years.

Yet the interim report, published yesterday by the Rampton committee of inquiry into the education of ethnic minorities suggests those factors are largely to blame for the low attainment of West Indian pupils.

The results of the survey, which were carried out by the National Foundation for Educational Research at the request of the Rampton committee, are due to be published this autumn. A draft copy of the 320-page report by Miss Monica Taylor, research officer for the foundation, has been seen by *The Times*.

The report states that the picture which emerges from the previous 15 years research is "complex with minor inconsistencies and more important ambiguities and even contradictions at almost every turn".

Most of the research was too restricted, covered too short a period of time, and suffered from inadequate background details.

Nevertheless, there was an overwhelming consensus that there was a strong trend to under-achievement among pupils of West Indian origin.

West Indian pupils were found to perform less well on measures of IQ, verbal and non-verbal reasoning tests, and were more likely to be found in the lower streams of ordinary schools and in disproportionate numbers in schools for the educationally sub-normal.

Regrettably, the report says, there was little direct evidence to demonstrate the significance of the climate of race relations as an influence. Such a factor did not appear to have been considered a sufficiently relevant variable in educational research.

The length of schooling in this country had been found to have a marginal effect on the performance of West Indian pupils, but social background factors, which were a common explanation in the early 1970s for low performance, had been found to correlate to a larger extent with under-achievement.

Correlation, however, was not causality. Such factors as a historical background which included slavery and traditionally poor education, together with low parental literacy, low economic status, high unemployment, overcrowded housing, a high proportion of one-parent and large families, and widespread use of child-minders, could explain some of the difference between the performance of West Indian pupils and their peers.

Comparisons with socially disadvantaged groups such as the Irish, showed that West Indian pupils were still performing worse.

It had been suggested that through growing up in a hostile society, West Indian children developed a poor self-image, and that that could lead to lack of confidence and motivation.

Call to home handymen

By Our Local Government Correspondent

Tenants in the London borough of Hackney are to be asked by the council if they will take on minor repairs to their homes to save £253,000 a year for the local authority.

The council's housing management committee hopes that tenants will take on such tasks as fitting bath washers, repairing small cracks and holes in plaster, fitting door handles and locks and do small glazing jobs.

Mr Charles Cable, chairman of the committee, said the decision was taken reluctantly, but that this minor repair work was uneconomical.

The proposed scale of charges and savings shows that to replace a washer, the cost to the tenant would be 10p, compared with £3 if the council made the repair.

RELOCATION DELAYED BY RED TAPE?

Set up a viable project in a steel closure area, and will supply a specialist team to cut the formwork. Ring BSC Industry on 01-235 1212 Ext. 200, or write to us at 42 Grosvenor Gardens, London SW1W 0EB.

DEAD PRINCE 'DRANK TOO MUCH'

From Our Correspondent Oxford

A Saudi Arabian royal prince, who was found dead at his home in Oxfordshire, was overweight and drank too much, an inquest was told yesterday.

Prince Abdul Aziz bin Faisal Turki Abdul Aziz, aged 25, a nephew of King Khalid, was discovered lying in bed at his home in Sutton Courtenay on April 27, with a quarter-full bottle of whisky and a bucket of ice nearby.

The 16-stone, six-foot prince was a post graduate student at Magdalen College, Oxford, and was writing a thesis on international relations before entering the Saudi diplomatic corps.

Dr Richard Cowdell, a consultant pathologist, told the inquest at Abingdon, that the prince was considerably overweight for his age. The condition of his liver led to the assumption that he had "taken alcohol to excess frequently".

His blood alcohol level was 172 milligrammes per 100 millilitres, higher than it could have been as high as 350 milligrammes, equivalent to a bottle of whisky, he said. The cause of death was due to inhalation of vomit.

Mr Norman Challenor, the coroner, recorded a verdict of accidental death.

Wider powers for the Ombudsman rejected

By Philip Webster, Political Staff

The Government yesterday rejected most of the recommendations of an all-party group of MPs greatly to widen the powers of the Ombudsman (Parliamentary Commissioner) to cover complaints about public service personnel matters and the Government's commercial activities.

It rejected proposals that the Ombudsman should be empowered to investigate complaints about recruitment to the Civil Service and diplomatic service and complaints from former public servants about their pensions.

However, in its response to a report from the Select Committee on the Parliamentary Commissioner, published last December, the Government promised to consider legislation to cover complaints by specialists recruited by the Overseas Development Administration.

In its report the select committee had argued that because the Government disposed of such large sums of money its position was unique, and if its purchasing policies were the subject of complaint they should be investigated, particularly if any government were to use the award of contracts as a political weapon.

But the Government said yesterday that Parliament's decision to exclude "contractual or other commercial transactions" from investigation remained sound.

It stood by evidence previously given to the committee. That has been that any change would place government departments at a commercial disadvantage; that departments are already subject to scrutiny; that any change would create an unjustifiable administrative burden; and that it could cause practical difficulties.

Mr Anthony Buck, Conservative MP for Colchester and chairman of the select committee, said last night he was disappointed that the Government had not accepted its main recommendations.

He said that the Ombudsman covered certain categories of service personnel and in one case involving senior army officers had discovered maladministration. If there had been a similar case relating to civil servants we would have been unable to uncover it.

Fourth report of the Select Committee on the Parliamentary Commissioner for Administration (Hansard 8274, Stationery Office, London).

END TO FLY MENACE SOUGHT

By Hugh Clayton, Agricultural Correspondent

Warble flies are almost extinct in Britain after three years of being dosed with chemicals, the Meat and Livestock Commission said yesterday. It appealed to the Government to enforce compulsory dosing by farmers to ensure that the insects do not make a comeback.

The commission, a statutory body dedicated to improving meat production, described the fly yesterday as "the mouthless menace that just over three years ago was costing Britain's livestock industry millions of pounds in lost production and damaged carcasses and hides".

The flies buzz round cattle in the summer and cause "galling" in which the animals run wildly with their tails high in the air. This leads to loss of milk and meat.

The flies lay eggs on the undersides of the cattle and the grubs burrow through the living animals and spend the winter near their throats. In the spring they burrow up to the animal's back and lie just under the surface in lumps called warbles.

They wriggle out in warm weather and later turn into flies.

Murder charge

By Our Music Reporter

A man was remanded in custody yesterday at Warrington, Cheshire, until Friday, accused of the murder on Sunday of Miss Lorraine Gandy, aged 19, a nurse, of Wheatcroft Close, Great Sankey, Warrington. Legal aid was granted to Joseph Francis Roman, aged 35, construction worker of Southcroft, Tower Hill, Kirkby, Merseyside.

Mr William Whitelaw, the Home Secretary, yesterday approved a three-week ban on all marches in Coventry after Sir Philip Knights, Chief Constable of the West Midlands, said he could not guarantee public order during a planned march and rally by the National Front in the city on Saturday.

The front's march would have clashed with a multicultural pop concert. There have been a series of racial incidents in Coventry since the death of a young Asian in April. A white youth has been charged with murdering him.

Orchestra's new director

By Our Music Reporter

Progress towards establishing a permanent orchestra in the East Midlands is being made by the English Sinfonia. It has appointed Mr Stuart Bedford as artistic director and plans to give 70 concerts this season, almost twice as many as in the last.

Finding sufficient extra public funds to pay players on a full-time basis remains a difficulty, but the Nottingham-based Sinfonia has a target of creating a permanent orchestra, about 40 strong, by the autumn of 1983.

Another freelance orchestra was announced in London yesterday. It is the London Philharmonic Fort Orchestra which will give its first concert at the Albert Hall on July 11. The concert will mix music from Carmen and Der Rosenkavalier with that of *My Fair Lady* and *West Side Story*. It will be conducted by the American John Covelli.

PREQUALIFICATION NOTICE

SOCIALIST PEOPLE'S LIBYAN ARAB JAMAHEREYA HARBOUR WORKS

Prequalification to tender for the construction of a new harbour near Sirte in Libya.

The General Ports and Maritime Transport Administration intends to invite tenders for the construction of a new harbour near Sirte. The project will include:

- Breakwaters
- Excavation, dredging and provision of fill
- Sloping harbour walls
- Quay walls—blockwork
- Quay walls—counterfort
- Jetties and quays—suspended deck

Contractors who wish to be prequalified for inclusion in the list of invited tenderers should obtain the necessary form of application and questionnaire from:

Postford, Pavy & Partners,
Albany House, or P.O. Box 12597
94/98 Petty France, Dahra,
Westminster, Tripoli,
London, SW1H 9EJ, Libya.
The application and questionnaire should be completed and returned in accordance with the instructions by 22nd July, 1981.



Photograph by Peter Trivelp

£100,000 loss as fire sweeps yachts

A badly burnt yacht before being hoisted out of water yesterday after an explosion and fire swept along a pier at Chichester yacht basin. Ten yachts were destroyed or damaged at a cost of £100,000 (Stewart Tendler writes from Chichester).

There is no clear explanation for the fire but one theory being investigated by Sussex police is that escaping gas from a canister on one of the boats was ignited by a pilot light on kitchen equipment.

Mr Robert Hunt, harbour master, said the alarm was raised shortly before 1 am when one of his staff was woken by a "dull thud". When firemen arrived three yachts were found ablaze on pier D. Two yachts, Helwan and Seductress, sank and a third, Misprint, was destroyed. Two other yachts were severely damaged and five more affected. The blaze destroyed small piers between the vessels and left part of the main pier charred and broken.

£10,000 bill for owner of 'Beast'

By David Hewson

John Dodd's £26,000 car, nicknamed "The Beast", cost him a further £10,000 yesterday when a judge ruled in the High Court that Mr Dodd was in contempt for "exhibiting" the car as a Rolls-Royce.

Rolls-Royce had asked Mr Justice Whitford to jail Mr Dodd, a businessman aged 46, for breaching a court order which forbade him from displaying the car as a Rolls-Royce.

The judge accepted Mr Dodd's apology and fined him £5,000. He was ordered to pay the costs of the case, estimated at £5,000, as they included the costs of two previous hearings.

"The Beast" is powered by a 27-hp Second World War Merlin aero-engine and has Rolls-Royce badges, radiator grill and a "Spirit of Ecstasy" mascot.

In April the High Court ordered Mr Dodd to keep "The Beast" at his home in Links Road, Epsom, Surrey, pending the outcome of the trademark dispute. Two days later it was "abducted" to a custom car event in Southend.

Hospital reorganization Rival groups fight boundary plans

By Nicholas Timmins

acute medical and surgical beds over the next seven years.

The remaining acute beds are to be concentrated in 23 large hospitals, including the teaching hospitals. The money released is to be spent on improving London's heavily substandard community services and services for the mentally ill and the elderly. Thirty smaller hospitals are to close or change their role.

Second, the government is considering, but will have to accept unless there is to be a disaster, a report from the Ashton Committee on improving London's often abysmal family doctor and other primary care services. The money to finance such improvements will have to come mainly from the cuts in the acute service.

Third, London University's still incomplete reorganization of its medical schools is causing difficulties.

On to these radical changes, ministers somehow have to graft reorganized districts that will allow all three aims to be achieved together.

Almost all the new district boundaries in inner London are in dispute. But the two that highlight the issues are the new Riverside district, which runs from the Houses of Parliament to Hamam, and Southwark, which would take in three big hospitals, parts of three local authorities, almost 10,000 staff and a budget of £90m, and the new Lewisham and Guy's district.

In Lewisham, the local authority and the Guy's Hospital MP, one of them, Mr Roland Moyle, a former health minister, are opposed to linking Lewisham Hospital with Guy's.

The new district would take in parts of two local authorities, Lewisham and Southwark, making that is so crucial to the transfer of resources into the community and into the "cinderella" areas such as geriatric care, much more difficult.

Guy's, they argue, already a past master at concerning resources, would take funds at the expense of Lewisham, a hospital which needs extra support.

A Lewisham health district, siding along the borough boundary is, the answer, they believe.

The health service's argument is that only by tying Guy's to Lewisham can it be forced to look outward, to develop community services. Only in a large enough district can money be squeezed out of the acute services to provide the improvements needed elsewhere.

In Riverside, the issues are still more difficult. It would take in parts of three local authorities: Westminster, Kensington and Chelsea and Hammersmith and Fulham. It would embrace two teaching hospitals, Charing Cross and Westminster, as well as St. Stephens, a large district hospital. Its population, at 200,000, would fall within the guidelines for the new health authorities, but its budget and staff would make it one of the biggest of the new district health authorities.

The crucial problem, as the health service sees it, is that London University has decided to merge Charing Cross and Westminster medical schools. The new school is to be based at Charing Cross's Fulham site, but with Westminster retaining 350 beds, teaching, and academic departments.

Westminster is still trying to resist, although the merger now looks increasingly inevitable.

The administrators based at the Westminster, and at Charing Cross, both oppose Riverside, preferring to remain separate.

Again, the argument about forcing the teaching hospitals to look beyond their present limits, applies.

If they remain in separate districts, while their medical schools merge, each will vie with the other for extra cash. Only by putting them together can there be real hope that they will cooperate.

IN BRIEF

Marches banned in Coventry

Mr William Whitelaw, the Home Secretary, yesterday approved a three-week ban on all marches in Coventry after Sir Philip Knights, Chief Constable of the West Midlands, said he could not guarantee public order during a planned march and rally by the National Front in the city on Saturday.

Postman stole parcels

David Edgar Bagleton, aged 38, a postman, of Ladbrokes Road, Sidcup, Kent, was jailed for five years at Croydon Crown Court yesterday for stealing parcels while working at Sidcup sorting office.

End to fly menace sought

Warble flies are almost extinct in Britain after three years of being dosed with chemicals, the Meat and Livestock Commission said yesterday. It appealed to the Government to enforce compulsory dosing by farmers to ensure that the insects do not make a comeback.

Murder charge

A man was remanded in custody yesterday at Warrington, Cheshire, until Friday, accused of the murder on Sunday of Miss Lorraine Gandy, aged 19, a nurse, of Wheatcroft Close, Great Sankey, Warrington.

Royal pictures protest

Labour councillors yesterday criticized an Essex County Council plan to spend £800 on wedding photographs of the Prince of Wales and Lady Diana Spencer to be hung in schools, libraries and old people's homes. The council is facing a £17m cut in government aid because of alleged £24m overspending.

Postman stole parcels

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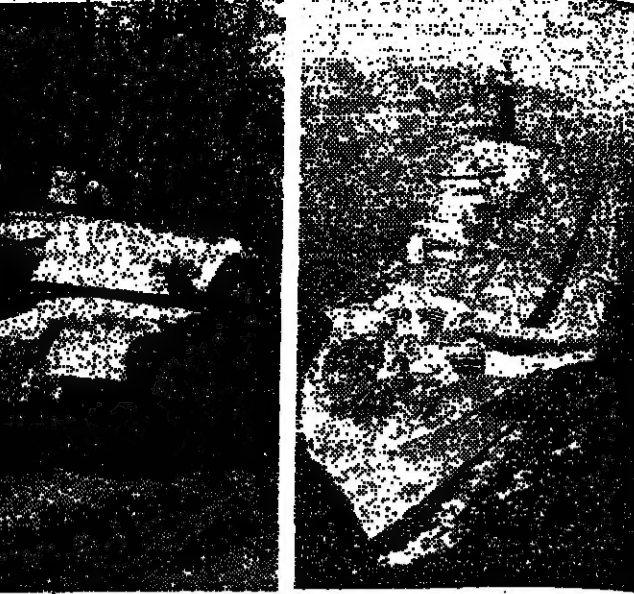
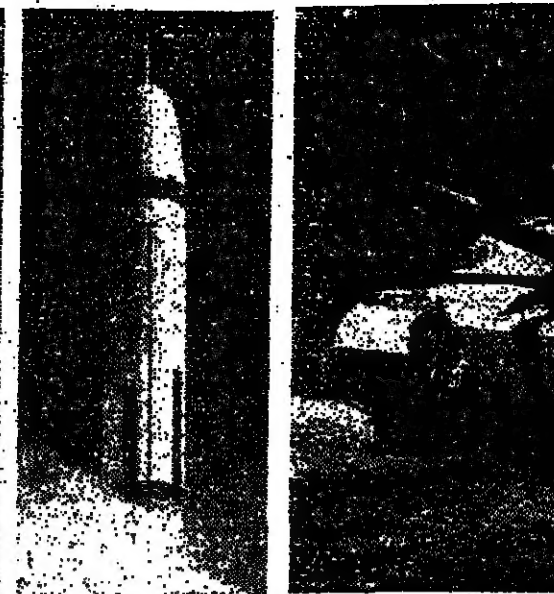
Anatomy of Britain's security: an analysis by The Times

The Nott alternative — a decade of defence we can afford



John Nott — no Prime Minister's axeman, he.

Today the Cabinet holds its crucial meeting on defence. The chiefs of staff have been to Downing Street to express grave concern. The Minister for the Navy has been sacked. The review by Mr John Nott, Defence Secretary, will reshape the pattern of defence for the next 10 years. What can Britain afford in view of the threat to Europe with one new Soviet SS 20 missile being installed every five days? The Times today presents a perspective to the arguments.



Three to keep, one to go: Tornado; Trident missile; Shtr-2 (forerunner of Challenger); carrier Invincible. She might be sold.

Review/Peter Hennessy

New strategy could bring an end to morale-sapping disputes

The seeds of the defence review were sown almost a year ago when the defence budget came under acute pressure with a substantial longer-term difficulty looming over the horizon.

The first was a demand for £500m cuts from the Treasury as part of its effort to reduce the general level of public spending.

Second, a substantial breach of the 1980-81 cash limit on defence budget began to cause alarm as recession-hit contractors submitted their bills to the Ministry of Defence faster than usual. At one stage it appeared that the ceiling had been exceeded by as much as £260m, although more recent estimates suggest the figure is nearer £150m.

Private anxieties inside the ministry were compounded in July, 1980, when the Government announced its intention to purchase the Trident strategic missile system at a cost of £5,000m over 15 years. Although ministers refused to acknowledge it (and still do), the long-term effect of Trident on the overall equipment programme was likely to be severe unless the economy quickened into an unexpected upturn in the early 1980s.

Mr Francis Pym, then Secretary of State for Defence, responded to the outflow of funds by imposing a moratorium on spending, obliging parts of the fleet to remain in port and aircraft to stay grounded. He whittled down the Treasury's demands, threatening to resign twice, and the cut in the defence budget announced by the Chancellor of the Exchequer last November was £200m, which was £300m less than the Treasury originally sought.

Within two months Mr John Nott, who shared Mrs Margaret Thatcher's hard view on political economy, was promoted from the Department of Trade to replace him.

Mr Nott denied in an interview with *The Times* last month that the Prime Minister had given him an axeman's brief, but added that he was reconciled to nobody believing him, even though it was the truth.

The making of the Nott review, and an indication of how the British defence machine reaches its strategic budgetary decisions, is best illustrated by a chronology starting on January 12, the day he arrived at his desk in the ministry.

January
Mr Nott convened a series of meetings and seminars to brief himself on his new department which, he said later, he was determined to run rather than allowing it to run him.

He decided to devote virtually all his energy to a 10-year forward look at the core of the defence programme with the

aim of matching commitments to resources, avoiding annual crises and morale-sapping spending moratoria in the future. He also planned to carve out from the reduced budget a contingency fund for himself and his successors to spend on new projects.

At the outset, Mr Nott examined the Trident decision, was convinced of its indispensability and made it clear in the ministry that it was sacrosanct, committed beyond the scope of the defence review.

He was briefed by Sir Frank Cooper, his permanent secretary and a formidable Whitehall heavyweight, about impending pressures on the budget. Sir Frank chairs the ministry's Financial Planning and Management Group which includes in its membership the four service chiefs and Sir David Cardwell, head of the Procurement Executive, the ministry's equipment supply organisation.

The group's 10-year forward look, as part of its annual updating of the long-term costings of defence, programmes, was the vehicle upon which the review was determined to build its review.

In addition to Sir Frank, with whom he has a close working relationship, Mr Nott also had individual meetings with the Service chiefs.

By the end of the month, Mr Nott had circulated a minute to his military and civilian advisers, to a battery of defence secretaries concerned with policy making for the three services and the Procurement Executive, plus these divisions responsible for the size and shape of their programmes and manpower, outlining the parameters of his review. He said there were to be no sacred cows, except Trident. Replies were to be submitted to him personally listing their priorities for the coming decade.

February
The Royal Navy, Army and Royal Air Force boards considered the Secretary of State's guidelines. Replies trickled in to Mr Nott's office. He was not satisfied. Most parts of the defence machine had treated it as an exercise in damage limitation, paring the margins of their programmes and no more.

In late February, revised long-term costings showed a projected gap of about £500m for the financial year 1982-83 between commitments and funds budgeted.

March
After discussion with his civilian advisers (who were proving to be the dominant influence upon him) and writing to those whose views he placed less weight, Mr Nott instructed the service boards and defence secretaries to try again. They were told to construct detailed models showing "from the bottom up"

what equipment they considered vital to have in the early 1990s, given a range of possible budgets.

By mid-March, the Admiralty Board had become seriously alarmed at the "worst-case" options for its budget, which, if adopted, would drastically reduce the size of its surface fleet, altering radically the Royal Navy's anti-submarine capability in the eastern Atlantic. Regular meetings between Mr Nott and Mr Keith Speed, the Under-Secretary for the Navy, became increasingly heated.

April
As the "from the bottom up" models for 1991 reached him, Mr Nott expressed greater satisfaction than after the first round. He continued to raise questions about specific programmes.

The ministry's annual defence White Paper, published on April 15, gave the clearest hint so far of what was to come in a preamble signed by Mr Nott. Its message was that the weapons platforms—ships, aircraft, vehicles—had become so costly and sophisticated that they were absorbing money needed for the all-important armaments they were meant to carry.

May
The ministry's internal debate was blown wide open on May 15 in a speech by Mr Speed said on May 15: the Prime Minister dismissed him after a weekend of heated press speculation about the likely savagery of the cuts, three quarters of which were expected to fall on the Royal Navy.

Next day, Mr Nott confronted backbench "oracles" in his own party while opening the debate on the defence White Paper. At a seminar in the St Ermin's Hotel, London, on May 28, Mr Speed gave warning of crisis in the 1980s and caracal in the 1990s if some of the cuts contemplated by the ministry were implemented.

June
On June 3, the chiefs exercised their traditional right of putting their case to the Prime Minister in person.

At a meeting of the Cabinet's Overseas and Defence Committee in 10 Downing Street on June 8, Mr Nott presented a paper outlining his models for the 1990s, indicating to his colleagues the options he preferred. No senior minister spoke up to save the Royal Navy from radical surgery.

The senior service began to resign itself to its fate. As one black comedian on the naval side commented: "What we need now and quickly is a small colonial war requiring a lot of ships."

Background/Henry Stanhope

A long succession of agonising reappraisals

A priority during the Defence Review has been to make room for the £6,000m Trident missile programme in defence budgets during the next 10 to 15 years. It is not the first time that expensive new equipment has forced existing programmes to be restructured. Five major defence reviews have already been held since the Second World War and in the immediate post-war period and between 1964 and 1970 scrutiny of defence spending was almost continuous.

The basic problem, that of making both ends meet at a time of national diminishing, must seem familiar to Lord Shinwell who was Secretary of State for War during the defence review in 1945. Then, in the year which saw the formation of Nato and the devaluation of the pound, the country was still spending more than the other European allies put together and proportionately more than the United States.

Equipment costs had risen by more than 50 per cent since 1945 when you could still buy a rifle for £7 11s 3d. But better equipment had to be found in exchange for fewer men. So navy and air force budgets were raised while that of the labour-intensive army fell.

It was left to a Conservative government, however, in the aftermath of the Suez debacle, to carry out the surgery which the forces needed to adjust to a post-war world. The error made by Duncan Sandys who conducted the 1957-58 Defence Review however was that he cut off the wrong leg. In 1957 Britain still had 720,000 men under arms, over a third of them conscripts. But although the country was devoting 84 per cent of GNP to defence, the forces were badly equipped and over-committed.

The Sandys solution was to shift the emphasis away from large expensive overseas garrisons to smaller, all-regular, mobile forces, which, with the nuclear deterrent, provided by the V-bombers and later Blue Streak, would guarantee Britain's integrity. National Service would end in five years' time, reducing the strength of the forces by 270,000. The Army was more than halved, the RAF lost more than a third, and the Navy a fifth of its manpower.

The bringing together of the three service departments under one Ministry of Defence coincided with the appointment of a new Labour Secretary of State in 1964, Mr Denis Healey. Mr Healey is credited with conducting two defence reviews during his six months' tenure at the ministry. But it now seems like one long process of change as successive economic crises forced the Government's attention on spending to be ever more drastic.

Between 1964 and 1966 Mr Healey cancelled in turn the option on a fifth Polaris submarine, the P1154 and TSR-2 aircraft and finally the Navy's cherished carrier to replace the Ark Royal. The main defence responsibilities, however, support for Nato in Europe, the strategic deterrent and the post-imperial role outside Europe, remain more or less untouched.

Further economic crises however, including the 1967 devaluation of sterling, forced the Government to "come to terms" with our role in the world—as Harold Wilson put it. It was the East of Suez responsibility which went to the Government announced its intention to withdraw first from Singapore and Malaysia and then the Gulf. In the quarter of a century that had elapsed since the war when Labour left office in 1970 Britain had not only lost Empire as Dean Acheson had said, but had started to find a role.

That role was to be in Europe as a member of Nato. But first there was a four-year pause while the Heath government, Lord Carrington as Defence Secretary, tried to give the services "a period" of stability by doing nothing very much. The most significant development of these years was the decision of the Government to let the Healey decisions go through more or less unhindered, despite criticism while the Conservatives were in opposition.

It was left to the next Labour government to tidy up the odds and ends. The 1974-75 Defence Review, the last to be conducted before this present one, had as its purpose the reduction of the defence budget by several hundred million pounds over a period and an equivalent drop in the percentage of GNP devoted to defence from about 51 to about 41 per cent—which was nearer to the figure in the other major European allies.

The conclusions which were revealed in the 1975 White Paper were that the few remaining troops in Singapore should be withdrawn along with the RAF contingent on the Indian Ocean staging post on Gan. There would be reductions in Hongkong and Cyprus, withdrawal from Malta and a reduction in the reinforcement potential for Nato's flank—particularly the southern. There were also manpower cuts for all three services, particularly the Army—although about half of these had later to be restored after a restructuring operation in the British Army of the Rhine caused more problems than ever.

From more than 4,500,000 in June, 1945, the forces had shrunk to a size of only 333,000 at the start of this year—less than the strength of the Royal Navy alone, the smallest of the services at the end of the war. Since 1957, before Duncan Sandys's famous White Paper, the Navy had seen its fleet reduced by two-thirds and the

Army's manpower had been halved by the ending of conscription. As for the RAF, it still blamed Mr Sandys for the parlous state of Britain's air defences.

The success of Government in placing defence spending as an even keel by means of a "review" has been short lived.

A succession of short-term cuts in planned spending followed from the 1974-75 review. Last year the Cabinet ordered a £200m reduction in the budget in spite of its philosophical commitment to a strong defence policy—and only so-called kamikaze action by Mr Pym, the then Defence Secretary, prevented the cut from being deeper.

But one sacred cow has emerged unscathed from the past 20 years. That is the nuclear deterrent.

During 1970-74, the Heath Government decided on a £1,000m improvement to the Polaris warhead. Codenamed Chevaline, the programme was continued by the 1974-79 Labour administration, and was not fully disclosed until early 1980—perhaps because many experts regarded it as a waste of money.

Now the present Government has opted for the Trident missile system to succeed Polaris in the 1990s. Once more a decision on the deterrent has become sacrosanct. But would a new more left-wing Labour administration elected in 1984 regard it so?

Budget/David Blake

£4.50 a week from every one of us

The defence of Britain is a big and costly business. This year the Government is expected to pay out £12,274m on the defence budget, making it the largest programme after social security.

The cost is growing. Defence has been one of the few growth areas in public spending over the past five years. Total public spending this year is expected to be about £104,000m. After allowing for inflation, it is about £5,000m less than total spending in 1975-76. But defence spending this year will be about £4,000m more than it was in 1975-76, even after the effects of price rises are removed.

Not merely big money is involved. There are lots of jobs too. The armed forces employ 322,000 people directly and another 246,000 in various civilian occupations such as naval dockyards.

The jobs do not stop there. No one knows just how many jobs in the private sector depend on the £5,500m which will be spent on buying goods this year.

Anything which accounts for such a big chunk of spending (about an eighth of the total) might be expected to be

high on the target list for a Government committed to spending less. But in fact, the Government is committed to simply to avoiding cuts in defence spending; it has promised to let it grow in real terms by 3 per cent a year.

The battles which have raged in Whitehall over the past 18 months have not been about what it means and whether the Defence Ministry ought to be ruled by the same sort of cash controls which have been applied to other public spending.

The battle is symbolised by the terse phrases of this year's public spending White Paper, published on Budget Day. Along with all the major spending programmes, defence gives no details of its activities in the general public spending White Paper. It receives two pages, published on Budget Day. Along with all the major spending programmes, defence gives no details of its activities in the general public spending White Paper. It receives two pages, published on Budget Day.

But the public spending document does give totals and it does draw attention to the key fact of defence spending last year, that on the best estimates available it was £130m more than it was supposed to be, even if the effects of inflation are removed.

In the Treasury's terms, the cuts, made last autumn, were

Commitments/David Spiller

Where duty takes the British serviceman

The days when British influence was reflected in large parts of the world map being marked in red have long since passed. The very phrase "Commonwealth" has become an anachronism. In the modern world, British foreign policy works through influence and persuasion, and every effort has been made to reduce the numbers of troops around the globe.

The result is that apart from Nato, which is of course the fundamental alliance which guarantees British security, there are very few British soldiers abroad, even in those areas which can still be marked in red.

Nato is a defensive alliance but curiously enough it does not commit Britain to assign forces to it. That comes under the Western European Union (WEU), which is the custodian of the balance of European forces.

The WEU treaty was a key part of a highly sensitive political compromise of the post-war period, which permitted the rearming of West Germany and its entry into Nato. Of the seven signatories of the modified Brussels Treaty of 1954 (Belgium, France, Germany, Italy, Luxembourg, the Netherlands and the United Kingdom), only Britain accepted an obligation to maintain forces on the mainland of Europe.

The total at the time was 77,000 men. Then in February 1957 Britain sought to reduce the level of its forces in Europe as part of the cost saving associated with the running down of national service. It was agreed that the total was to be reduced to 63,500. Again in December 1957, Britain proposed a further reduction, and the WEU Council agreed to a further 8,500 men being withdrawn.

This was expressed as representing "four divisions and the Second Tactical Airforce, such other forces as the Supreme Allied Commander, Europe, regarded as having equivalent fighting capacity".

The present level of BAOR forces is about 57,000, although 257 British troops are stationed in Northern Ireland would be nominally attributed to BAOR. The establishment of RAF Germany stands at 11,000 men.

The latest report to the Assembly of WEU by the Committee on Defence Questions and Armaments gives Britain the thumbs up on its military contributions. Noting that the units in Northern Ireland would be speedily returned to their duty stations in an emergency affecting Nato, the Committee concluded that the average number of British forces stationed in Germany was probably about 500 men short, not important in itself.

Elsewhere around the globe, the British military back-up would naturally come to an end, though not perhaps straight away. The additional cost of having forces in Belize is put at £3.5m out of a total of about £25m a year.

Rather than specifying a particular level of forces or equipment, Britain's allies in the WEU do its duty as an ally. On the nuclear issue, it would appear that considerable satisfaction has been felt in Bonn, and also Washington, that France is not the only nuclear power in Europe. The West German went on of their way to welcome the Trident decision.

Country	Forces
USA	1,000,000
USSR	2,500,000
France	350,000
Germany	230,000
Italy	230,000
Japan	230,000
UK	57,000
Canada	57,000
China	2,500,000
India	1,000,000
Other	1,000,000

1980 Defence expenditure as a percentage of gross domestic product. The true cost of defence in other European countries is understated because they rely on low-paid conscript armies.

British forces are few and far between, and the opportunity for making significant savings in manpower correspondingly small. British troops are stationed in the Falkland Islands, Belize, Gibraltar, Brunei, Hongkong, the sovereign bases in Cyprus and Diego Garcia.

In dependent territories, Britain has a commitment to maintain their defence. Clearly, the contingent of 40 marines in the Falklands, however gallant, is not stationed there to repulse an Argentinian invasion. It is more an earnest of Britain's sense of obligation, though the marines are useful in dealing with a minor emergency such as say a buccannering aircraft landing on the islands to assert Argentinian claims.

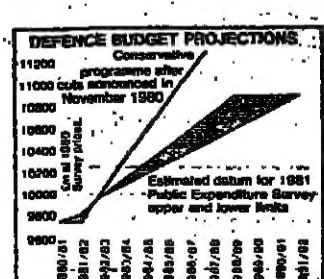
In Diego Garcia, which Mauritius has ceded to Britain for use as a base, there is a detachment of 25 naval personnel. The United States runs the island.

Belize is a different story. There are about 1,600 men all told in the garrison, plus four RAF Harriers, with the specific purpose of deterring an attack by Guatemala. This has been, however, a serious threat. But with the recent agreement under which Guatemala accepted giving up its territorial claims in return for various other benefits, there is now a very good prospect of Belize proceeding to independence in an orderly way this year.

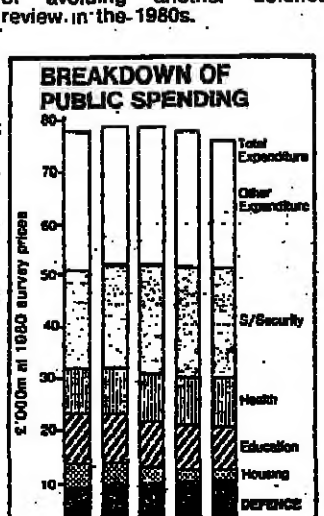
In that case, the British military back-up would naturally come to an end, though not perhaps straight away. The additional cost of having forces in Belize is put at £3.5m out of a total of about £25m a year.

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The way the cake is cut — who gets what and how much it costs



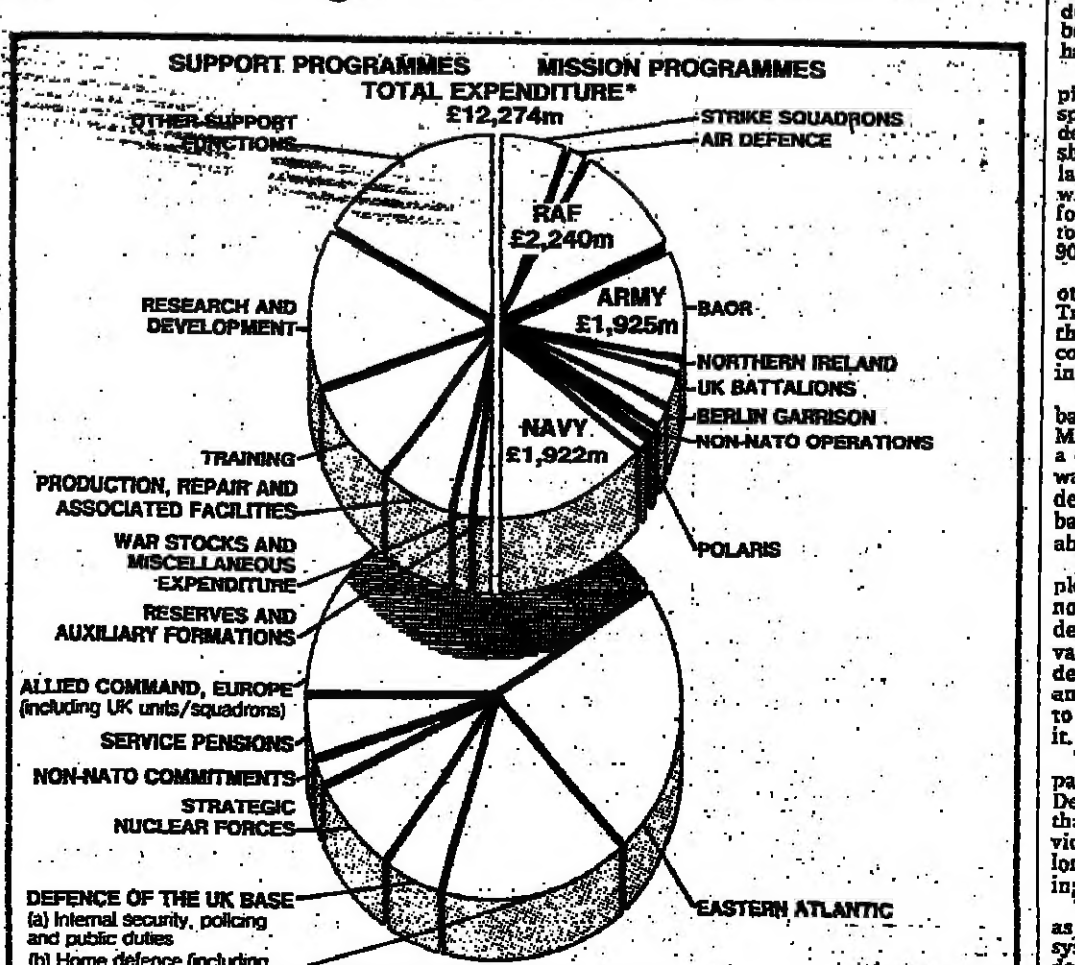
The cuts agreed by the Cabinet today will fall somewhere inside the shaded area on the graph. The closer the spending path of the Government's new look defence programme corresponds to the lower line, the greater the chance of avoiding another defence review in the 1980s.



The 1981-2 defence budget stands at £12,274m. An analysis shows that the largest single slice, £2,240m (18.2 per cent) goes to the RAF, more than any other service. The Royal Navy swallows 13.6 per cent of the £12,274m, the biggest portion going to help the surface fleet of frigates and destroyers keep aloft. The country's strategic deterrent force of four Polaris submarines is absorbing only £269m, a modest 2.2 per cent of the budget—although five years ago the percentage was still smaller at 1.3.

Procurement of the Trident missile system to replace Polaris will take only 3 per cent on average between 1980 and 1995.

An unofficial but well respected analysis by Professor David Greenwood, the defence economist, of Aberdeen University, shows that if the whole budget is divided between commitments, some 23 per cent is now being spent on helping Nato defend the Eastern Atlantic, 41 per cent on the Army and RAF forces dedicated to Allied Command Europe and 22 per cent on protecting the United Kingdom. According to this analysis some seven per cent is spent in respect of the deterrent.



The RAF £2,240m, the Navy £1,922m, the Army £1,925m, BAOR £1,925m, Northern Ireland £1,925m, UK Battalions £1,925m, Berlin Garrison £1,925m, Non-NATO Operations £1,925m, Polaris £1,925m, Eastern Atlantic £1,925m, Defence of the UK Base £1,925m, Service Pensions £1,925m, Non-NATO Commitments £1,925m, Strategic Nuclear Forces £1,925m, Allied Command Europe £1,925m, Production, Repair and Associated Facilities £1,925m, War Stocks and Miscellaneous Expenditure £1,925m, Reserves and Auxiliary Formations £1,925m, Training £1,925m, Research and Development £1,925m, Other Support Functions £1,925m.

The effect of that will be particularly severe on the defence Ministry. It will mean that confidence between its individual programmes can no longer be eased by overspending its total budget.

That change alone means that as defence adapts to the new system, any set of plans which does not leave up to a considerable margin of safety risks forcing recurrent cuts exercises over the years ahead.

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Reagan patches up quarrel with the Speaker

From David Cross, Washington, June 17

President Reagan decided today that his honeymoon with Congress must not be spoiled by a single, careless off-the-cuff remark about Mr Thomas O'Neill, the Democratic speaker of the House of Representatives. During yesterday's presidential press conference here—his first since the attempt on his life at the end of March—Mr Reagan accused Mr O'Neill of indulging in sheer demagoguery when he suggested that the Administration's three-year tax programme would benefit the rich more than the poor.

Responding to questions from Mr O'Neill that the President's honeymoon with Congress appeared to be over, Mr Reagan said: "We may disagree during the day but come 6 pm we become friends."

During his press conference the President also made it clear that he was stepping up pressure on Democrats in the lower house to approve the tax reductions and other parts of his economic programme, including big spending cuts. The Democrats, who have a majority in the House, are beginning to muster opposition to the budget cuts in particular.

In his initial response to Mr Reagan's comments the Speaker issued a statement in which he said that the Administration's economic programme consisted of a rich man's tax cut while the budget cuts fell squarely on the shoulders of the working poor. For good measure, he added that the White House had been acting in a dictatorial way in its recent treatment of Congress.

Mr O'Neill said he would never accuse the President, whoever he was, of being a demagogue because he had too much respect for the institution of the presidency. "I assume that in the future he would have the same feeling for the speakership."

As is often the case with presidential press conferences, Mr Reagan touched on many themes during his 35-minute

Big missile debate by German Protestants

From Patricia Clough, Bonn, June 17

The biggest and probably the most critical debate about nuclear missiles has opened in Hamburg at the biennial congress of the West German Protestant Church.

For four days 118,000 people, many of them young and many of pacifist views, will take part in this religious gathering which, under the motto: "Be not afraid," is devoted partly to the subject of peace. The 1,200 events include services, Bible meetings, discussions, entertainments and debates about defence, disarmament, missiles and the fear that Germany may become the scene of a nuclear holocaust.

Sixty-five Protestant pacifist groups have coined the counter-motto: "Be ye afraid of nuclear death threatens us all", and called a demonstration for Saturday. They hope it will be the biggest since the anti-nuclear protests of the 1950s, with about 50,000 people expected to take part.

So seriously is the congress being taken in Bonn, that Herr Helmut Schmidt, the Chancellor, who was not originally invited, has arranged to defend his policies in a televised question-and-answer session in a Hamburg church tomorrow night and again in a discussion on Friday.

Christians, mostly Protestants but a number of Roman Catholics as well, make up one of the most active groups in the rapidly growing West German pacifist movement.

War of words over arms control Moscow's credibility problem

From Michael Biyon, Moscow, June 17

Over the past week the Russians have been doing their best to impress on a large number of influential Western statesmen that Moscow is serious about arms control and eager to start talks without delay.

As Nato presses ahead with plans to deploy new American missiles in Western Europe, the Russians are becoming increasingly anxious to head off what they regard as an exceptionally dangerous threat to their security.

But the shadow of Poland now looms large. Not only have Western governments made it clear that any Soviet intervention would scuttle the prospect for talks, but Western lobbyists of strategic arms limitation have admitted that public opinion in Europe and America would become deaf to the need for a dialogue with the Russians.

Moscow appears therefore to be in a dilemma. On the one hand, the Kremlin wants to show, especially to the Europeans, that the Soviet Union is ready to go to the negotiating table without any preconditions. On the other hand, it seems already to be anticipating failure—perhaps because of decisions already taken here over Poland—by refusing to recognize the West's declared readiness to talk as genuine.

The Soviet press has called the recent Nato offer a smoke-screen to conceal the alliance's rearmament plans. President Brezhnev said last week that Americans had taken no real steps to get talks going. And Mr Andrei Gromyko, the Soviet Foreign Minister, told Mr Charles-Ferdinand Nothomb, his Belgian counterpart, earlier this week that in spite of vague

Saharan rivals come to blows at the OAU

From Michael Kupe, Nairobi, June 17

Diplomatic activities at the foreign ministers' meeting of the Organization of African Unity (OAU) were enlivened here today when a fight broke out between two Moroccan government officials and a representative of the Polisario Front insurgent organization in the lobby of the Kenyatta Conference Centre.

Delegates and observers scattered as the three men exchanged blows before being seized and led away by Kenyan security officials. They were released half an hour later.

The incident illustrated the level of tension between the two sides in the struggle for control of the disputed western Sahara. The Polisario Front, backed by Algeria and Libya, is attempting to wrest the territory from the control of Morocco which took over the administration when Spain withdrew in 1975.

The OAU is deeply divided over the issue.

The Polisario official was apparently distributing leaflets attacking King Hassan of Morocco when the fight broke out. The Moroccan diplomats were identified as Mr Hassan Alogari, Chief of Cabinet in the Ministry of Foreign Affairs and Mr Yusuf Amrani, an aide in the Ministry of Cooperation.

The leaflets accused King Hassan of being a colonialist. The more formal proceedings of the day included the presentation to the council of ministers of the report of the organization's liberation committee. This contained a scathing attack on the diplomatic activities of the Western contact group on Namibia (South-West Africa).

The United States, Britain



King Hassan II. Attacked in Polisario leaflet.

and France were strongly condemned for what was described as their collusion with South Africa. The document rejected what it described as the "sister schemes by certain members of the so-called Western contact group" which it said were "aimed at forcing the international community to abandon the agreed plan for the independence of Namibia contained in the United Nations Security Council resolution 435".

The committee's report, which gained the unanimous approval of the council of ministers, expressed profound dismay at what it regarded as the demonstrated unwillingness of the contact group to carry on with implementing the United Nations plan and denounced what it called the "emerging unholy alliance between Pretoria and Washington".

Lord Carrington outlines Britain's EEC objectives

By Hugh Noyes, Parliamentary Correspondent, Westminster

In a defence yesterday of the EEC and of Britain's role in its affairs, Lord Carrington, the Foreign Secretary, will have left our partners in no doubt that they must expect an active six months during his presidency of the Council of Ministers, starting on July 1.

Outlining what he hopes to achieve, Lord Carrington denounced Labour Party leaders and in particular Mr Denis Healey, Opposition spokesman on foreign affairs, for turning their backs on policies pursued when in office and for proposing to withdraw from the Community.

He would have thought that after the referendum, even Mr Wedgwood Benn would have accepted that the decision of the British people was for membership.

Speaking during a debate in the House of Lords on the advantages of EEC membership, Lord Carrington said he was saddened to see that Mr Healey had been the last to attempt this feat of logical contrivance. "He should know better and of course, he does know better."

Mr Healey was merely subscribing to the myth that the Community undermined the sovereignty of the British Parliament when he spoke of restoring the sovereignty of Britain from control by the EEC, Lord Carrington said.

After asserting that the government remained firmly committed to making a success of membership and outlining the advantages to this country,

Lord Carrington accepted that not all criticisms were misdirected. Setting out some of the changes urgently needed, the Foreign Secretary told the House that the first on his list was the common agricultural policy.

It was clearly wrong, he said, to spend two-thirds of the Community budget on agriculture to produce wasteful surpluses. The Government wanted to see this problem tackled during the discussions on the restructuring of the Community budget.

Lord Carrington also made clear that during the British presidency he would be applying much pressure to achieve a permanent solution to the intolerable situation for this country whereby West Germany and Britain financed the budget while richer countries than ourselves were major net beneficiaries. A successful conclusion must be brought about this year, which would be fair to all member states, he said.

New Community policies would have to be considered to shift resources into other areas such as regional and industrial development and to restrain workers to meet the changing pattern of industry.

Other areas in which he wanted to see progress during the next six months were on the common fisheries policy, the freer provision of services, such as insurance, greater liberalization of air fares and further easing of the barriers to free movement and employment within the Community.

Strasbourg prepares for a British presidency

From David Wood, Strasbourg, June 17

European MPs are using this week's plenary session in Strasbourg to prepare for Britain's presidency of the Council of Ministers which starts on July 1.

Most of the main reports and debates are connected with Mrs Thatcher's campaign for permanent budgetary arrangements.

Mr Douglas Hurd, Minister of State at the Foreign Office, was welcomed today to start picking up the threads of policy and strategy that will be left behind by the Netherlands on June 30. He will return to London to report that European parliamentary opinion is turning in Britain's favour and that Lord Carrington's first appearance in Strasbourg raises high expectations.

Today two reports from influential parliamentary committees on the budgetary issues raised by Mrs Thatcher had a good reception, not least from M Gaston Thorn, President of the Commission, and two of his Commissioners.

Earlier, the Parliament carried by a large majority than expected a report proposing reforms of the Common Agricultural Policy (CAP), presented by Sir Henry Plumb, former president of the National Farmers' Union.

A year ago the commission was told by the Council of Ministers to find a permanent

answer to Mrs Thatcher's questions about the budgetary Justice for Britain. [The agreement the Prime Minister secured last year over Britain's contributions ends in 1982.]

Members of the Commission leave no doubt about their strategy. First, like most MEPs, they want to keep the CAP as the centrepiece of Community policy, but to cut its cost to allow for new policies. In the short term, Commission and Parliament have no other option, because the British and West German governments refuse to consider increasing the level of VAT to give the Community a larger income.

Secondly, again like most MEPs, members of the Commission want more resources for the EEC. If they cannot get more than one per cent of VAT, then they want eventually to have a new source of revenue. A slice of national income tax or company tax?

There is another important point as the parliamentary speeches made clear. No new financial mechanism to satisfy Mrs Thatcher's demands can be limited to one country or one special case. With the entry of Greece to the Community and Portugal and Spain standing impatiently in the wings, it is not only the British Government that wants to be reassured that there will be a just budget settlement.

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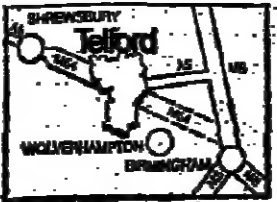
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Appeals fail to halt Israeli election violence

From Christopher Walker, Jerusalem, June 17

Increased police activity and repeated appeals for restraint from the leaders of the main Israeli political parties have so far failed to prevent the most violent election campaign in recent years.

Among the latest incidents was the burning of a car belonging to a Labour Party candidate in Jerusalem and the daubing of the remains with the word "Traitor". This was an apparent reference to recent opposition criticism of the Israeli raid on the Iraqi nuclear reactor.

On a communal farm in the south of Israel, two youths threatened a woman of 72 who had appeared in a television advertisement on behalf of the Labour Party. She called her not to take part in any further such advertising and smashed windows in her home.

Earlier, the Labour Party election offices in Givat Shmuel were burnt out in the middle of the night. In the port city of Haifa, the Labour Party headquarters had to be evacuated after a bomb warning given by telephone.

Although most of the attacks continue to be against the Labour Party, Mr. David Shillan, a prominent supporter of the ruling right-wing Likud coalition, last night spoke at an election rally protected by a special police guard after receiving a death threat.

Today, the Likud announced that it had hired a team of private detectives whose job would be to provide evidence to support its claim that a wave of anti-Labour violence is being organized by agents provocateurs.

In a series of hard-hitting advertisements, opposition is trying to make electoral capital out of the recent unruly disruptions of its meetings. Two photographs show ugly

scenes of government supporters on the rampage, while the caption reads: "This time, you really have to choose between Beginism and enlightened government".

Commenting on the campaign, Mr. Moshe Dayan, the leader of the long-former Tel Aviv Party, castigated the extreme language used on the hustings by both Mr. Menachem Begin, the Prime Minister, and his Labour opponents. "As well as contributing to the vulgarization of the people, it infects the election campaign," Mr. Dayan said.

The police mounting a nationwide operation to restore order in the closing two weeks of the campaign, have discovered that many of the worst incidents have been planned. They lay the blame on what they term "low-level party operatives".

Confirmation of the widespread belief among political commentators that the Israeli raid will have boosted Mr. Begin's reelection chances came when the first poll conducted since the Omer reactor was destroyed.

Published by the Hebrew newspaper, *Ma'ariv* today's poll showed the Likud coalition with 38 per cent of the votes, compared with 36 per cent in the same poll last month. The Labour Party remained unchanged in second place with 33 per cent.

Part of the success of the Government's campaign has been attributed to its expansionist settlement policy in the occupied territories. Today, it was announced that 800 new housing units would be built inside the settlements already in the West Bank and Gaza.

The move will eventually increase the number of Jews living there by 3,000.

Pressure on Mitterrand to soften condemnation

From Our Own Correspondent, Paris, June 17

President Mitterrand is believed to have come under pressure from Jerusalem to tone down or qualify the terms of the French Government's strong condemnation of the Israeli raid on the Iraqi nuclear reactor.

The condemnation, issued by M. Pierre Mauroy, the Prime Minister, and M. Claude Cheysson, the Minister for External Affairs, early last week, was reiterated on Monday by M. Jacques Leleux, the French permanent representative at the Security Council.

It has caused sharp disappointment both in the Jewish community in France and in Israel especially the demand for reparations.

The *Renouveau Juif*, the organization of French Jews which had called for a vote against President Giscard d'Estaing in the presidential elections, emphasized in a statement yesterday that it could not remain silent in the face of the Government's diplomatic initiative at the Security Council.

"Such an initiative runs the risk of being interpreted as providing a surety for the acknowledged responsibilities of the previous government," the statement said. It is necessary to recall that the Israeli nuclear contract was never submitted

to Parliament for ratification. This justifies all the fears arising from it," the *Renouveau Juif* demanded "another policy for France in the Middle East."

Its demand is unlikely to be satisfied, though the *Renouveau Juif* promises to ignore it. French policy in the Middle East has undergone a difference of style and of tone, but not of substance.

President Mitterrand has publicly acknowledged, most recently last Saturday when he received King Khalid of Saudi Arabia, the claims of the Palestinians to a homeland, even to a state, while insisting on the need for peace and friendship with Israel, and its right to security within safe, recognized and guaranteed frontiers.

The Israeli ambassador was "asked" and not "summoned" to the Quai d'Orsay to explain the raid. The President, by contrast with his predecessor, has always clearly approved the Camp David agreements.

He cannot, however, afford to antagonize the Arab states, for obvious reasons of economic common sense, any more than he can respond to the demand of the Israeli Government, believed to have been put forward through diplomatic channels, that the 1975 nuclear agreement with Iraq should simply be cancelled.

£736,000 FOR HIJACK VICTIMS

Tel Aviv, June 17. — Air France has agreed to pay £736,000 to Israeli survivors and the heirs of the four people killed in the 1976 hijacking of an airliner in Uganda, Israel's army radio said today.

The agreement covers claims of 57 former hostages and heirs of the four civilians who died when the plane was taken over by the PLO and hijacked to Entebbe airport in a rescue operation.

The settlement was reached on May 14, according to the Jerusalem Post newspaper, after five years of litigation, in which the former hostages said tighter Air France security could have prevented the hijacking. —AP.

Teenage delinquents are people too

Who can a teenager turn to if his parents seem to turn away? What does a teenager do if no-one cares what he does? There is no work, no money, nothing to do but drift in the streets. It is so easy to turn to crime when you're young, confused, broke and frustrated.

Our Family Centres give teenagers somewhere to go and something to do, and give guidance and counselling to help them through to adulthood. Help us to help them.

Sand's donation to:
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Church of England
Children's Society,
Room 71,
101 Victoria Road,
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Sino-American Ascot

Police are accused over action in Soweto

From Ray Kennedy, Johannesburg, June 17

Coloured (mixed race) and black leaders today accused the police of being excessively brutal and stupid in their handling of protest demonstrations by coloured students and the tear gas attack yesterday in Soweto on people leaving a church service.

Mr. M. Mathabathe, a member of the Soweto Committee of the anti-apartheid group, said police action was making black people angrier. "They cannot tolerate it any further."

The services yesterday, to commemorate the fifth anniversary of the unrest, were peaceful and would have ended so if the police had not acted so brutally, he said.

In Pretoria, Coloured leaders handed Mr. Louis Le Grange, Minister of Police, a memorandum detailing various instances of police brutality.

The memorandum singled out the actions of Brigadier Theuns Swanepoel, leader of the anti-apartheid group.

The image of the police as a force to maintain law and order and to assist the community was disappearing as a result of brutal and heartless action and Coloured people felt the police had declared war on them, the memorandum said.

The boycott of classes by thousands of coloured students continued today, but a planned demonstration outside the Newlands police station, where 59 students arrested two weeks ago appeared on remand, was called off.

A parent said: "It would have been madness to stage the demonstration." Riot police surrounded the building and kept watch on the crowd.

Thousands of workers from Soweto went back to work today, many of them in buses which had their windows smashed by stone-throwing gangs after the tear gas attack at the church.

Descriptions of the attack vary. An Afrikaans newspaper, *Beeld*, reported today: "The black people were allowed by the police to emerge from the church building in groups. They were driving back with tear smoke every so often to prevent them forming large groups."

The report said trouble broke out after a horde of foreign cameramen and television teams approached. Black gave the black power salute and taunted the police.

A police official said the police acted after youths stoned vehicles, but did not explain why they fired tear gas at the crowd leaving the church. "I am not a strategist," the official said.

Reporters of the English-language Johannesburg *Star* said the police launched an attack after a group of about 50 people emerged from the church with hands raised and shouting "Peace".

One reporter said the police were driving back with tear gas as a captain fired a canister into the crowd, a constable said: "A masterpiece, Captain."

Mr. Khehla Mchombu, president of the Azanian People's Organization, said that despite the events yesterday further commemorative services would be held this weekend.

Mr. Mchombu said the police were "refused entry into South Africa when they arrived here last night, have made another application to be admitted."

But the only South African soil they are likely to touch will be the floor of the transit lounge at Jan Smuts airport where they spent Tuesday night, when they arrived from Maseru, capital of Lesotho, en route to Zimbabwe.

The American political activists were invited by the students' representative council at Johannesburg's Witwatersrand University to deliver a freedom lecture but were refused visas because of the

1,000 car workers are arrested in Argentina

From Our Correspondent, Buenos Aires, June 17

More than 1,000 car workers were arrested by police today after a strike was called by the mechanics' union to protest against the closing of car plants and against rising unemployment.

Police used armoured cars, patrol cars and buses to transport the workers to the police department.

They also took cameras and exposed the films of photographers from *La Semana* news magazine and *Cronica*, a mass circulation daily, and stopped a television cameraman from the newspaper owners' association, which called it a "brutal reaction" and an "attack on free expression."

The English-language daily, *Buenos Aires Herald*, said in a leading article today: "The justification given for this measure, that *La Prensa*'s criticisms are destructive, unlike those of some other newspapers, does not stand up to even the most cursory scrutiny. Even if *La Prensa* were determined to undermine the 'process' it would be fully entitled to do so, because it is a matter of opinion whether this particular exercise in government is beneficial to the country or not."

Yesterday police arrested Señor José Rodríguez, the union's secretary general, and two leaders from the San Martín district branch. They were released late last night.

The arrests appeared to signal a crackdown by the military Government of President Roberto Viola on criticism of its economic policies. They followed the withdrawal on Monday by the Government of advertising from the conservative *La Prensa* newspaper, for what Señor Alberto Ortiz, the

editor of *La Prensa*, said was "a measure that is destructive, unlike those of some other newspapers, does not stand up to even the most cursory scrutiny. Even if *La Prensa* were determined to undermine the 'process' it would be fully entitled to do so, because it is a matter of opinion whether this particular exercise in government is beneficial to the country or not."

The work of the Unesco conference on communications development started today after hours of wrangling over rules of procedure. What was at stake was whether or not decisions should be taken by consensus or by vote.

Two of the six days allotted for this first session of the 35-nation intergovernmental council of the International Programme for the Development of Communications (IPDC) have already been spent in choosing a chairman. This morning and much of this afternoon were spent resolving the consensus question.

The original rules of procedure prepared for the meeting said that decisions "shall be taken by a majority of the members present and voting". The Western nations, however, were concerned that this would leave them at the mercy of the Third World countries in any vote.

A "consensus on consensus" was eventually reached, in effect, by splitting the matter into two separate sub-clauses, the first saying that decisions should be taken by a majority and the second saying that in the deliberations of the council priority should be given to the seeking of a consensus.

The first contribution to the debate on communication needs and development came from Mr. Arthur C. Clarke, the British science writer, and chancellor of the University of Marburg, representing Sri Lanka. He gave a warning that unless there was a significant investment in space technology millions of people would be doomed to die.

He said the day was not far off when small electronic books containing whole libraries could be available to everyone.

Rosemary Righter, page 14

Jane Fonda renews plea to enter South Africa

From Our Own Correspondent, Johannesburg, June 17

Jane Fonda, the actress, and her husband, Mr. Tom Hayden, who were refused entry into South Africa when they arrived here last night, have made another application to be admitted.

But the only South African soil they are likely to touch will be the floor of the transit lounge at Jan Smuts airport where they spent Tuesday night, when they arrived from Maseru, capital of Lesotho, en route to Zimbabwe.

The American political activists were invited by the students' representative council at Johannesburg's Witwatersrand University to deliver a freedom lecture but were refused visas because of the



Mrs. Nancy Reagan and Prince Charles on the Hudson River in New York yesterday.

Greece breaks off talks with US on military bases

From Mario Modiano, Athens, June 17

The Greek Government tonight broke off negotiations with the Americans on the future of the United States military bases in Greece in the hope that an uncompromising stand would best serve it politically in an election year.

The Government may even now advance the date of the elections due in November to take advantage of its decision to resist an unpopular deal with the Americans.

The formal decision to suspend the talks which have lasted five months is to be announced after an inner cabinet meeting called for noon tomorrow. The decision was finalised today after successive meetings of Mr. Robert McCloskey, the American Ambassador, with Mr. Constantine Mitsotakis, the Foreign Minister, and Mr. Evangelos Averoff, the Minister of Defence.

The Greek Government had set successive deadlines for a final American reply to the Greek demands for a substantial cut in the number of bases and for allowing the Greek State to continue to use four principal military

Dissidents' trial postponed

From Dossa Trevizan, Warsaw, June 17

A trial of four Polish dissidents charged with anti-state activities has been postponed and will again be adjourned a week before the Polish Communist Party Congress is due to begin on July 14.

The Polish leadership appears anxious to maintain calm in the days leading up to the crucial congress. However, a fresh incident of the defacing of a Soviet Second World War memorial was reported today.

Members of the free trade union movement, Solidarity, worked into the night yesterday to clean white paint from the monument in Zyrardow.

It took five minutes for the court to postpone the dissidents' trial to July 2. An objection that the documents had not been made available in time to prepare the case was upheld. A second objection that the indictment should be made more precise was rejected.

With the party congress less than a month away, seven out of 14 full and candidate members of the ruling Politburo have been elected by democratic secret ballot as delegates.

The Christian Democrats, in spite of their faults, have had the immense historical merit of always guaranteeing Italy's democratic system and Italy's ties with the West. But this does not fully explain the unbroken series of their electoral victories. It is the Communist fault if the Italian electorate never dared abandon the safe haven of Christian Democracy, even when the desire for change was stronger.

Without change, even in a democratic pluralist society such as Italy, political life becomes impoverished and corrupted. In different degrees, the Poles and the Italians are now deeply aware of this truth. Nevertheless, the achievement of change remains difficult, though for different reasons.

The Poles have clearly shown that they want change, but the main decisions will be taken elsewhere, in the secrecy of the

While waiting for the expected to happen, the Italians are, in the meantime, going to have their first non-Catholic prime minister. In 1946, Ferruccio Parri, in 1946, the honour should fall, unless unforeseen difficulties arise, upon a distinguished journalist, Signor Giovanni Spadolini, who nine years ago was still editor of the *Corriere della Sera*.

He took up in 1972, finally becoming the successor to Signor Ugo La Malfa as leader of the small but authoritative Republican Party. If he becomes a prime minister, he will be at the head of the Italian coalition still based upon the Christian Democrats.

Italians will have what they call *alternanza*, a symbol and surrogate of that fuller change which they still dare not have. It will be mostly the work of the Christian Democrats, now badly shaken by too many scandals (will they recover?). Again, the Communists (will they really be able to change?). Again, the Poles whose future is in the rough hands of the Soviet marshals.

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Arrigo Levi: A Personal View

Changing faces of Italy and Poland

"Lucky those who can change their rulers". Considering the great swing to the left of the French electorate, there are others in Europe who look with envy at the French, feeling sorry that they cannot do the same.

I think in particular of the two great Roman Catholic nations of Europe, Poland and Italy (although the luckier of the two remains Italy, since it borders on the sea, rather than with a totalitarian empire). In spite of historical differences, these two countries are in many ways alike.

In both of them the two dominating political forces are the Catholics and the Communists, which have been in power (the Catholics in Italy, the Communists in Poland) for one full generation. In both cases, the ruling parties show clear signs of being almost exhausted by too much power; yet changing the rulers remains a difficult, almost an impossible task.

The comparison cannot be pushed too far. In Italy, the Christian Democrats are in power because they have always won elections. In Poland, it is an external force which makes change impossible: the Soviet Union, which would not delay any longer a very radical change indeed.

There is no external force which stops the Italians, if they so wanted, from electing a different majority. It is instead the Italian left, dominated by a party which calls itself Communist, that has always scared away the decisive support of the centre voters, needed to swing a majority from right to left.

The Christian Democrats, in spite of their faults, have had the immense historical merit of always guaranteeing Italy's democratic system and Italy's ties with the West. But this does not fully explain the unbroken series of their electoral victories. It is the Communist fault if the Italian electorate never dared abandon the safe haven of Christian Democracy, even when the desire for change was stronger.

Without change, even in a democratic pluralist society such as Italy, political life becomes impoverished and corrupted. In different degrees, the Poles and the Italians are now deeply aware of this truth. Nevertheless, the achievement of change remains difficult, though for different reasons.

The Poles have clearly shown that they want change, but the main decisions will be taken elsewhere, in the secrecy of the

Kremlin. The Italians, too, have strong longings for change; but will the Italian left, that is, say mostly the Communists, Party, prove able to take advantage of this state of mind?

The Italian Socialists are too weak to offer a real prospect for change. So, will the Italian Communists, who so far have stood for change, make themselves finally acceptable to the Italian centre-voter? Will they one day be able to prove that they have changed, so as to make a greater change acceptable?

For instance: Would the ever-dreaded change in name of their party? The former leader of the "liberal" Communists, Signor Giorgio Amendola, suggested the unification of the Italian left in a new party, under a new label.

Could this suggestion be taken up again in the future? Strangely enough, this depends on events in Poland: the process of change in Poland were to be tragically interrupted by the Soviet Army, the process of change in the Italian Communist Party would be accelerated. This is one of the many curious ways in which the futures of the two Catholic frontier countries of Europe are symbolically interconnected, as if they were one.

While waiting for the expected to happen, the Italians are, in the meantime, going to have their first non-Catholic prime minister. In 1946, Ferruccio Parri, in 1946, the honour should fall, unless unforeseen difficulties arise, upon a distinguished journalist, Signor Giovanni Spadolini, who nine years ago was still editor of the *Corriere della Sera*.

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Italians will have what they call *alternanza*, a symbol and surrogate of that fuller change which they still dare not have. It will be mostly the work of the Christian Democrats, now badly shaken by too many scandals (will they recover?). Again, the Communists (will they really be able to change?). Again, the Poles whose future is in the rough hands of the Soviet marshals.

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IN BRIEF

Bomb attack on Nato site

Hanover, June 17. — A bomb explosion hit a half-finished Nato air depot near Hanover today, causing damage estimated at £300,000 (£55,000), the police said.

The explosion occurred at the Nato building site at Wahren-dahl, a hamlet 17 miles south-west of Hanover. The police said that it was caused by a "bomb-like object with a timing device" which apparently acted as a trigger.

Terrorists jailed

Turin, June 17. — A court convicted 62 accused members of the Red Brigades today on charges of belonging to an armed gang and inflicted the heaviest sentences on three women urban guerrillas. One of the women was sentenced to 17 and a half years in jail.

Earthquake toll

Tehran, June 17. — The earthquake in south-eastern Iran last Thursday killed 1,027 people, government officials said today.

Spanish divorce

Madrid, June 17. — Spaniards came a step closer to being able to obtain divorces for the first time in more than 40 years when the Senate passed a divorce Bill last night. The Bill must now return to Congress for final approval.

Spying charges

Berlin, June 17. — East Germany announced today the arrest of two West Germans on charges of spying for Bonn's intelligence service. The number of alleged western agents seized over the past two years to 22.

Missile debris

Bonn, June 17. — The tail section of an air-to-air missile, accidentally dropped from a West German fighter aircraft two days ago, was found today in eastern Bavaria. An Air Force spokesman said it was possible that the missile exploded in the air after leaving its mounting.

Bulgarian merger

Vienna, June 17. — Bulgaria announced today it had merged four ministries in a reshuffle apparently intended to streamline the executive. The National Assembly approved the Government of Mr. Grisha Filipov, who yesterday replaced Mr. Stanko Todorov as Prime Minister.

Woman aged 99 killed

Deansboro, New York, June 17. — Miss Eva Peck, a 99-year-old woman, was crushed to death today beneath the wheels of a car driven by a 39-year-old sister, sheriff's deputies said. She apparently stepped behind the car as it was backing. —AP.

THE ARTS



The mixed fortunes of Barry Spinkings (above): the enormous international success of *The Elephant Man* (left); and *Can't Stop the Music*, which "sank without trace"



True to a great tradition

New York

The Royal Ballet can always be surprising. During its half-century career it has developed many traditions. One of those traditions was simply demonstrated at the Metropolitan Opera House when the company opened its first New York season for five years. Everyone who had seen the company in New York had been under the impression that it dances better there than in any other place on earth. That is totally true.

The reactions to the company were not all favourable. Anna Kesselgoff, writing in *The New York Times*, suggested that "there is a princess to some of the soloists, the air is confused with slackness. At the same time there is a strange new abruptness that is at odds with the lyrical style that British classicism has made its own. In the leading roles Leslie Collier and Stephen Jeffries gave us a perfectly decent performance and there were moments when they seemed almost to peak. Yet the dancing was not consistently true enough, and the same was true of Merle Park and Wayne Eagling in the "Bluebird" pas de deux.

Yet generally the impressions, and the audience reaction, were favourable. *The Sleeping Beauty* has always been associated in New York with the Royal Ballet. It was this same ballet in a rather different and decoratively more sumptuous staging with which it opened its very first New York season in 1926. The company was then led by Margot Fonteyn, and there is no shadow of doubt that this opening night Aurora. Miss Collier was not up to that standard, but she was a good dancer, and the company as a whole danced with a headstrong passion, putting aside so many of the negative impressions that had provoked the home and abroad critics. It was all a willingness and directness that was instantly agreeable.

Many of the company's fervent supporters had expected a certain amount of alarm regarding the New York season. Some felt that it seemed to have lost its stature and status in the highly competitive world of international ballet. Luckily that was in no way apparent on the opening night. It was dancing with an energy and skill and the precision of a well-oiled machine. Indeed it looked just the way that one would hope a company of classic proportions and international importance would indeed dance.

It is curious that a Russian classic with original choreography by Marius Petipa and music by Tchaikovsky should have become a British standard. The present *Sleeping Beauty*, revised four years ago by Dame Ninette de Valois, is strong in drama, and authoritative in its authority. It is a pity that the American Ballet Theatre has now, under Mikhail Baryshnikov, has given up its old version, based by Mary Skeaping on the original. This is the production most like the St Petersburg original of 1890.

Over the years the company has had five productions of *The Sleeping Beauty*. Probably, deceptively, the most satisfactory was the 1946 version designed by Oliver Messel — designs nowadays still used by American Ballet Theatre. The present production has designs by David Walker, obviously inspired by the classic concepts of Bibiana, and while they have a certain grandeur, it must also be admitted that they also have a certain awesomeness.

However, the authority of the performance, and the dramatic structure of the staging — nowadays English dancers act with the graceful sincerity of the Russians — made all other considerations totally unimportant. Miss Collier is probably not the ideal Aurora. She remains more of a charming sous-brette than a distinctive classic ballerina. In the "Rose Adagio" her forcefulness resulted in a lack of stylistic polish. But, as *The New York Times* pointed out, "By the end she had triumphed quietly. The grave, pas de deux in Act III was perfectly placed in every move, with Mr Jeffries's appealing open manner in line with his excellent partnering. The romantic vision scene, with the two dancers found both dancers at their most relaxed and effective."

This new-old Royal Ballet does lack something in principle. The grave, pas de deux is not a very large extent it is beginning to be balanced by the strength of its younger soloists and corps de ballet. Norman Maule made all other considerations totally unimportant. Miss Collier is probably not the ideal Aurora. She remains more of a charming sous-brette than a distinctive classic ballerina. In the "Rose Adagio" her forcefulness resulted in a lack of stylistic polish. But, as *The New York Times* pointed out, "By the end she had triumphed quietly. The grave, pas de deux in Act III was perfectly placed in every move, with Mr Jeffries's appealing open manner in line with his excellent partnering. The romantic vision scene, with the two dancers found both dancers at their most relaxed and effective."

Mr Jeffries was making his debut in the Royal Ballet, although, of course, he was once a principal dancer with the National Ballet of Canada. He has a natural dramatic flair and dances with a refreshing vigour. Michael Coleman in the Florestan pas de trois and Wayne Eagling as the Bluebird proved both dashing and uncommonly buoyant. Other splendid performances came from Merle Park, the Prince, and Monica Mason as an unusually flamboyant Carabosse. The fairies in the prologue and their cavaliers showed the strength of the company in the middle ranks. I was particularly impressed with some of the girls, Gillian Kinsley, Julie Rose and Rosalyn Whitten. Even the orchestra, conducted by Ashley Lawrence, seemed to be pulling out all stops.

The Master of Ceremonies, Carolanne, was played by Leslie Edwards. Naturally he gave it with his customary finesse, and this is a nice touch for tradition, for this 64-year-old veteran of the Royal Ballet company when it first arrived in New York that steamy September night in 1949.

John Percival

Clive Barnes

Putting British cinema back on the map

The British film industry, which has spent a substantial period on the danger list, is showing signs of rising from its sick bed. For this the independent producers have done a lot of the credit to them went the prizes won at Cannes for *Chariots of Fire* and *Local Heroes*. But the same festival was used by EMI to announce a £60m investment in future film production and a programme which has a fairly solid look about it at the top of the list are Robert de Niro in *Weeds*, Jessica Lange — who may well have given the performance of the year so far in *The Postman Always Rings Twice* as *Frances*, and the return of Lindsay Anderson after a long absence from the film direction with a comedy entitled *Britannia Hospital*.

The Chairman of EMI's Group is Barry Spinkings, who has just turned forty. He is ready to admit that he is making this expenditure after a year of distinctly mixed fortunes for the company as far as the cinema is concerned. There are out-and-out successes such as *The Elephant Man*, which looks like recouping its investment from the British box-office alone, something which most producers reckoned was a thing of the past. And at the other

end of the scale are the flops like *Can't Stop the Music*, which after a great deal of advance publicity sank without trace. According to Spinkings such extremes are the very essence of the industry. "I know of no other business with a high level of investment where you are bound to have failures. Yes, *Can't Stop the Music* was a flop, although I should add that it has done well in Australia and the video sales are holding up. It was planned at a time when the world looked bleak; the news was all of violence, kidnapping, and hostages. We were looking for a product which would give the audience and even mindlessness would be right for the escapism mood in America."

"But we made two miscalculations. We failed to take into account the speed with which the pop music world evolves — what is in fashion when a picture is started is out by the time it is completed. And for once I made the error of not demanding that a film must be about believable characters. That requirement used to be at the top of the list when I looked at a script; now it is back up there again."

"Was I surprised at the success of *Elephant Man*? No, only at the size of the success."

It is going to show the biggest return on investment of any film ever made by EMI. It is even heading for the number one position in Japan. — latest reports suggest it is indeed the most financially successful film in Japanese history. Yet when we first discussed it with our colleagues there all they would offer was a showing in a very small art house. It was made by a skilled English crew at a very reasonable price and by a clever young director, David Lynch, whose next film, *Eraserhead*, is being budgeted at between \$20m and \$30m. I remember the day the script arrived from Mr Brooks at my home in an undigested paper parcel, which I took out into the garden to look at. A few hours later he telephoned to ask if I had read it and to his surprise I could answer "Yes". "Well, what do you think?" he asked. I said I was moved to tears and he replied: "OK, we've got a deal."

The production team of *The Elephant Man*, minus David Lynch, is now at work on *Frances*, the biography of Frances Farmer, who had a brief Hollywood career before she cracked up and ended up in an asylum on her mother's instructions, underwent a lobotomy and ended her days as a

presenter of an afternoon television show. Spinkings reckons they will end before that television show. Once again the impetus came from Mel Brooks, who has developed a taste for subjects which are difficult to handle. A number of other people have tried film treatments of the Farmer story, which included substantial sections with drugs and the bottle before her eventual commitment. He has insisted on a first-time director and the job has gone to Graham Clifford, who has already cut two films for Barry Spinkings, *Convoy* and *The Man who Fell to Earth*. He also did the editing on *The Postman Always Rings Twice* and it was from that cutting-room Jessica Lange got her recommendation for the title role in *Frances*.

Spinkings could be held up by the writers' strike which is still shattering. Hollywood negotiations resumed on Sunday. Barry Spinkings is worried about the ultimate effect of this action.

"At the moment the strike could go either way. There is a possibility that the directors (whose contract with the movie industry was broken in June 30) will join the writers. But there is equally a chance the Teamsters' Union

will put the pressure on for a resumption of film-making. However, you cannot start everything up so simply because of cash-flow problems, and all the major studios will be considering delaying some of their projects. Obviously we wouldn't think of moving contracted scripts away from members of the Writers' Guild, but it does make one believe that it is wise to film in a number of different places."

EMI and Spinkings have been criticised quite regularly in the past for not spending enough money in Britain, and the cynics have seen the current two co-productions with the BBC, Lindsay Anderson's *Britannia Hospital* and the recently completed *Memoirs of a Survivor*, based on the Doris Lessing novel, as an adroit public relations exercise. This Spinkings denies completely.

"Take the example of Lindsay. I have been trying to get him into our film studios for five years now. For a long time we looked at Marlowe's *Edward II*, but I could not persuade him down to the post. The first treatment on *Britannia Hospital* was done over a year and a half ago and then we started arguing over the screenplay. Lindsay said, as we debated: 'Of course you'll want

Ryan O'Neal in it, you always want a star'. Now we have fixed on a script, but only after long discussion. The script is always the key in this business, which is why I have let Charles Wood work for so long on the film we are hoping to make of *Vile Bodies* — not the easiest writing to bring to the screen, Evelyn Waugh."

For six months of the year Barry Spinkings will, from next month, be reading his scripts in Hollywood rather than London. He is there not only to supervise AFD, the distribution company jointly owned with Lord Grade which has recently gone into partnership with Universal, but also to explore the cinema's "fall-back market" which are led by cable television and video sales. Cinema attendances are still dropping in America, but this fall is more than compensated for by cash from video sales, always provided of course that the pirates have not got in and made their own prints first.

While some markets decline — Italy is a prime example, for the political unrest there has virtually put paid to the once profitable late-night screenings — others have prospered. Quite a lot of hope is attached to the video list, not least because for

the moment it is difficult to pirate. And the time of the made-for-video, low-budget film is just around the corner. Spinkings is looking into the possibility of putting pop groups, particularly those which depend as much on sight as on sound, on to video in a series of programmes which could break new ground as did *Ready, Steady, Go* a quarter of a century ago.

When the writers' strike is over he is looking forward to one script in particular.

"I have no idea what it is about and, of course, at the moment I am not allowed to say. Despite *Heavenly Creatures*, which we have no involvement, I believe that Michael is one of the small band of directors who can deliver something extraordinary. I don't believe in discarding someone because of an error: in this business we all make mistakes and some of them can be quite spectacular. What has given me most pleasure during my spell in charge of film production at EMI is the continuity of relationship, the fact that at this moment we're working together with men like de Niro, Clifford and Cimino."

John Higgins

Concerts in London

Philharmonia/Ozawa

Festival Hall/Radio 3

Seiji Ozawa is so often with us in broadcasts and on records that it is hard to remember how long it has been since he conducted one of our orchestras in London. Tuesday's South Bank evening with the Philharmonia must have been his first concert here with a London orchestra for a decade. He had hardly broached Tchaikovsky's *Romeo and Juliet* before I remembered, with a jolt, what time he is to an orchestra. He took a leisurely view of the piece, no pounce with music so gorgeous: the brass, if that is what the animated music-representative was rhythmically clean and strong enough to justify its pace. All the musical ideas were distinctively treated, but the performance was chiefly remarkable for the alert, eagerly responsive players in every department — not different but regaled.

The Philharmonia brass section was encouraged positively to swap the rest of the orchestra: admittedly it is a dramatically improved brass section since Ozawa last stood in front of that orchestra, but Tchaikovsky's music dealt in

balanced sonority, not some thunderous blow which smites the thumb once too often in *Romeo*, and several times too often in the Pathetic Symphony.

As many will have read, Maria Argenti, who should have played Prokofiev's third piano concerto in between, ended her engagement to Ivo Pogorelich, for whose sake she had resigned from the Warsaw competition jury last year when he was excluded from the finals.

She deserves our gratitude. Pogorelich's technique is a joy to listen to, complete efficiency, an amazing range of nuance and tone-colour, as well as a musical intelligence to keep the ear all the time on the *qui vive*. There were many unforgettable moments in his interpretation: the reprise of the first movement's slow introduction, finely prepared by soloist and conductor, and perfectly fulfilled; the first variation of the second concerto, which he played in a big time in the finale, played with all the nonchalant command of a born musical aristocrat; the accelerated coda of the first. The orchestra, which the author Nick McCarty has had to perform to in the morning, run home, write a masterpiece and post it back so that Clarke could read it over breakfast four hours later. The ruminant shorthand which the author Nick McCarty has had to perform to in the morning, run home, write a masterpiece and post it back so that Clarke could read it over breakfast four hours later.

William Mann

Harwood/Parsons

Wigmore Hall

Elizabeth Harwood has said that her career is moving gradually away from those operatic roles which, in the past decade, seem to have been her mainstay. In what was announced as her only London recital this season, however, her voice had yet to make the transition to the more intimate scale of songs in general.

Indeed it was in Elvira's dramatic aria from Mozart's *Don Giovanni* that she still sounded most at home in the course of this programme, in which Cherubino's "Voi che sapete" was unwisely chosen for the weighty and mature approach she brought to its breathless declaration of adolescent emotion. Her vocal delivery was better suited to the Pamina-like sorrow of Mozart's song about Louise burning the

letters from a faithless lover, and the simplicity of his Wiegand K350 was nicely caught.

With the move to Richard Strauss, alas, the singing became unacceptably mannered in technique and contrived in character, as if the soprano was striving to make the most of the expense of musical substance. What I remembered as her charm in operatic comedy had become affectation in the piano aria of the first of the Strauss songs, which she sang with a certain charm, but the greater pleasure being obtained from the piano virtuosity of Geoffrey Parsons.

He was notably alert to the keyboard detail which makes Pushkin in *The Poet's Echo* so haunting and evocative. Here the singing suggested more of an earlier acquaintance with the songs than a finished performance, except only in the "lines were drawn" passage, where Miss Harwood conveyed a genuine feeling and tonal sensitivity.

Noël Goodwin

Marvin Gaye

Apollo Victoria

Notorious for his perfectionist attitude in the recording studio, Marvin Gaye comes to the concert platform with a completely different approach. There he seems to thrive on the spontaneity, leaving a degree of unpredictability which keeps him sharp and stimulated.

On Tuesday, at the first of four London concerts, he admitted to a lack of rehearsal with his three singers and 11 musicians. When the players are genuinely first-rate, as were those in the groups he assembled for his British tours of 1977 and 1980, the result of this attitude can be a wonderfully fresh kind of collectively improvised soul music.

When, however, the musicianship is not uniformly of that calibre, the tension drops and the target is lowered.

By comparison with the

rhythm section fantasies of 1978 and the strong gospel emphasis of last year, the musical organization of the present tour lacks inspiration.

Gaye is such an extraordinary singer, of course, that his own performance is virtually unaffected by the surroundings; the high falsetto on "Got to Give It Up" and the highly charged syncopations in "Let's Get It On" were as miraculous as ever. Rarely, too, has he acted out his wide-eyed, supplicating pose more enjoyably than on this version of "After the Dance".

A sequence of four songs from his last album, *In Our Lifetime*, showed how close he is to realising his ambition of combining the two key elements of his music, the sacred (gospel music) and the profane (the blues). This is an old dichotomy in black popular music; for all Tuesday night's flaws, Gaye may succeed — and that would be historic indeed.

Richard Williams

Television

John Keats/Inside Wimbledon

BBC 2/BBC 1

I think John Keats would have liked *John Keats*. The pugilist would surely have appreciated the way this massive biographical series met its first inescapable challenge head-on, as the famous plaster mask turned into the technical colour visage of the actor who was to play him. Death warming into life. It was a breathtaking moment. No wheedling insinuations, no nervous sidings out for the next 160 minutes, dear viewers, this is John Keats.

And this, at a center, is his life. Some of the scenes, it is true, are a little too much like cartoon distillations of what must have happened. But some events in Keats's life did have that compacted clarity. He really did leave his friend Charles Coward Clark and his wife in the morning, run home, write a masterpiece and post it back so that Clarke could read it over breakfast four hours later. The ruminant shorthand which the author Nick McCarty has had to perform to in the morning, run home, write a masterpiece and post it back so that Clarke could read it over breakfast four hours later.

Manhood was cruelly thrust upon Keats while he was still a boy; and as a trained surgeon in his late teens he regularly witnessed horrors which to us would be almost unimaginable. One of the great merits of this play lies in its reflection of these central facts and in the way they are made to set off and intensify the poetic achievements.

James Ormerod directs with passionate sincerity an unusually inventive control of the means at his disposal. The device of a multi-purpose marble colonnade works well, and the carefully-staged tableaux, resonant with natural sounds — whispers, footfalls, gulls calling — as well as beautifully enunciated poetry.

Inside Wimbledon ferried us skilfully through a world of moving machines and marauding armies and straw barriers, hoover-Hearns and grateful Cockerly wails. Sociology with a high gloss, it watched with amusement as the regulars behind the scenes — the salmons and straw barriers, hoover-Hearns and grateful Cockerly wails. Sociology with a high gloss, it watched with amusement as the regulars behind the scenes — the salmons and straw barriers, hoover-Hearns and grateful Cockerly wails. Sociology with a high gloss, it watched with amusement as the regulars behind the scenes — the salmons and straw barriers, hoover-Hearns and grateful Cockerly wails.

Michael Church

Theatre

New Half Moon

Edward Bond is an interesting German playwright, or German playwright, ploughing in the furrows of Brecht's didactic theatre. That he happens to be English is incidental to his style, if not to his subjects. The thing about Brecht's teaching plays, and about *The Worlds*, is that they are designed first to educate the actors in political theory, and second to be performed for others.

Not since *Saved* in the early 1960s has Mr Bond approached the present *The Worlds* takes the material of the present, of strikes and terrorism, and skips a few months forward to the incident where the two combine, where terrorism kidnaps the chairman of a company which is under strike. Mr Bond knows that issue could be simplistic and like Brecht in *The Measures Taken* he moves

into deeper shades of grey, where morality is actually challenged.

There are simplicities, however, when the chairman is ousted by his board while under threat of death from the terrorists and then becomes the witness to a second kidnapping which brings a working-class man to ransom. Mr Bond allows moral conflicts only within the working-class context, and though he argues well on several sides of his various issues, the arguments are prompted by melodramatic excess.

Violence is the central issue. To use the terms of the play, the question is whether violence can be used to bring the two existing worlds together: the apparent world where morality is a possible choice, and the real world where competition and money assure the triumph of self-interest.

Ian McDiarmid, as the kidnapped executive and a militant



Ian McDiarmid, beset by terrorists

Limited moral conflicts

The Worlds

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Ian McDiarmid, as the kidnapped executive and a militant

union man, is himself divided with equal care into opposites. It is his performance that keeps the argument balanced, that prevents the play from collapsing into a justification and prescription for terror.

If I understand correctly, Mr Bond has turned his gifts for sharply sketched scenes of conflict and humiliation to the task of opening up a debate on the morality of terror. It is not his assumption that revolution is inevitable that limits that debate, but rather the enclosed circle of the play.

A lesser company than the performers in Nick Hamm's production might inadvertently open up the debate, by committing themselves to one line. Such players as Joanna Kirby, Linda Spurrier, Sian Thomas and Barrie Houghton are too disciplined and intelligent to make that mistake. It remains set within the limits of Mr Bond's internal debate.

Ned Chaillet

Dance

Reinhold Hoffmann

Almeida, Islington

The German dancer-choreographer Reinhold Hoffmann, on her first London engagement, performed at the Almeida Theatre, Islington, on Tuesday. A new dancer in a new theatre, actually, the theatre, being constructed within a building that has been by turns a literary and scientific institute, a music hall, a Salvation Army canteen and a toy factory, is only half finished.

What should eventually be an attractive auditorium for 300 at present provides improvised seating for about a hundred. The walls are bare brick, but the performing area has a good, spacious floor. I thought the stark darkness suited Hoff-

mann's work better than a plush theatre would.

Her solo programme comprises four items. In each, the dancer has to struggle with a different circumstance. Her *Solo with Sofa*, her skirt and the cover of the sofa are one continuous piece of material, so that she can never get far away from the object in spite of some remarkable attempts to escape.

In *Flanks*, there are two of the things, about three metres long, strapped to her back: images of a cross, of great trailing wings, of a martyr tied to the stake. In *Stones*, she spares herself even less: walking or rolling on stones both great and small, with others dangling in seven long sacks from her waist.

emotional weight on her. The recurring theme does not produce an oppressive effect, because what becomes most apparent is the resilience with which she goes on struggling to overcome all obstacles.

All the dances tend to develop rather slowly. She does use fast movement, but mainly as a sort of punctuation to a pace that is generally measured and sustained. Words rhythmically patterned by John Cage accompany part of *Solo*, a canon piece by Ligeti adds atmosphere to *Also*, but otherwise the only sounds are those made by the objects. Hoffmann's dancing is unlikely to have a mass audience appeal, but should acquire its own followers, because there is something individual and imaginative about it.

John Percival

Clive Barnes

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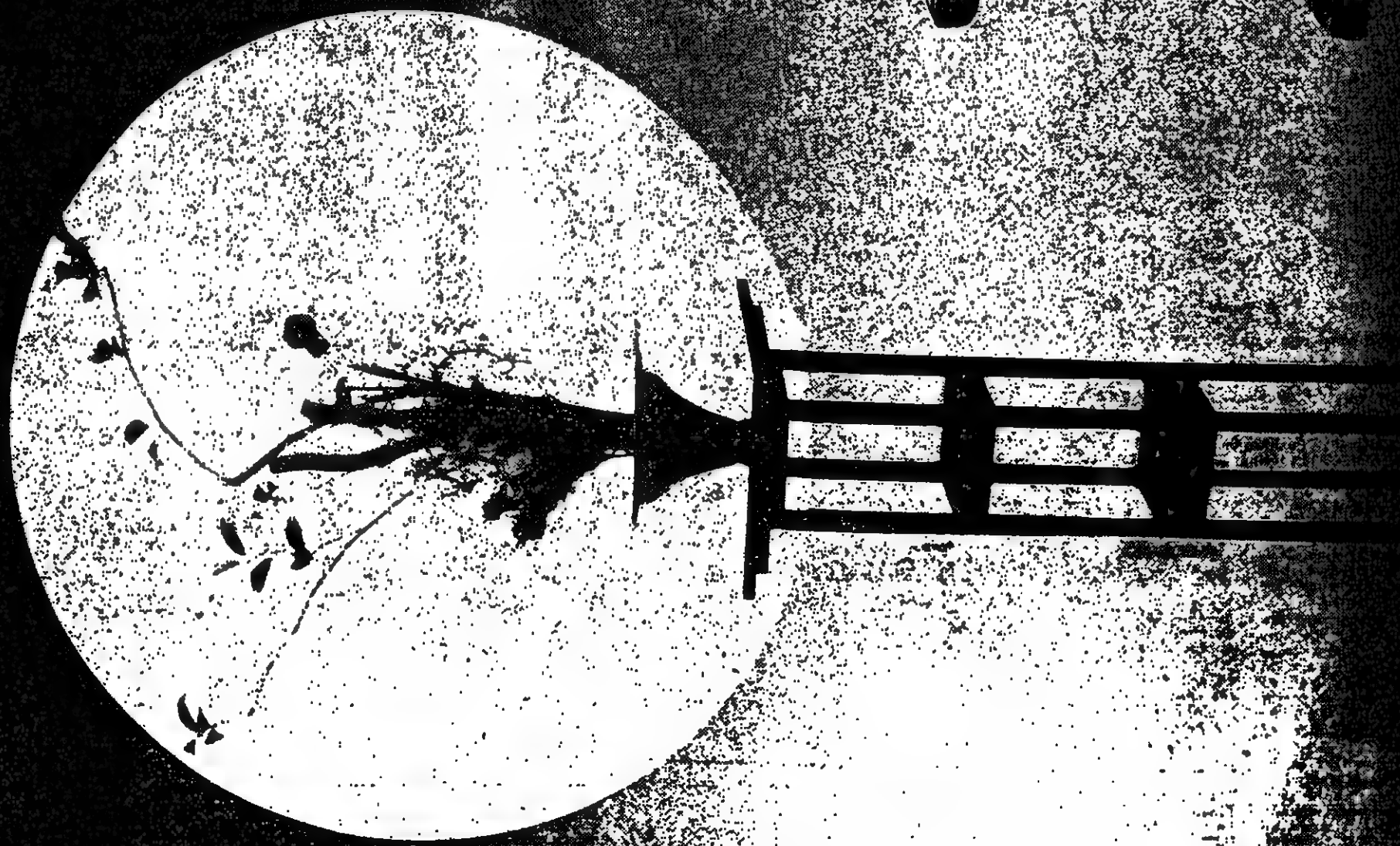
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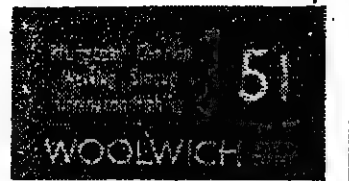
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Flat out on the buses

In these days of 6 per cent pay awards and 13 per cent inflation, no travel bargain is to be sniffed at, be it Laker to Miami, British Caledonian to Hongkong or a red double-decker to Romford.

With the recent introduction of 25p flat fares, farthest flung suburbs has at last been brought within reach of all but the most poverty-stricken of London's junior citizens (seniors, of course, have long been able to get there for nothing).

There is a complication, as you might expect of anything dreamed up by London Transport's non-bus travelling executives. You have to keep outside the no-go area of central London, where the low, flat fare abruptly gives way to high, un-



even fares, the absence of a rational dividing line still leading to frequent altercation between conductors and aggrieved passengers.

That means your journey must be circular rather than radial, and this alone could provide hours of anticipatory fun as the family pores over a bus map (free from LITE travel bureaux) working out a route that can be accomplished in the fewest possible hops from West Drayton to West Ham or Crystal Palace to Golders Green.

Once you set out you will discover places served only by bus of which most Londoners will be unaware: Cranford and Crayford, Yiewsley (Middlesex), Brimsdown and Brockley Rise, Locks Bottom and Havering-atte-Bower, with its promise of mystery and jousting on the village green.

Admittedly one stretch of suburban London is very much



like any other stretch of suburban London, but today that applies equally to many of the world's big cities and that doesn't deter people from foreign travel.

If you want a touch of the exotic, on the cheap, Brimston market on a Saturday exudes a richer ambience than the tourist-ridden bazaars in Marrakech. And why wait in Calcutta, where a non-Bengali is as rare as a nine-pence note, when Southall Broadway will yield a crop of Sikhs and Tamils, Biharis, Bangladeshis, Rajpoots and even the occasional Baluch and Nepali?

After hours poring over my map I have worked out what must be London's biggest flat fare bargain: three buses from



Green Street Green in Kent (that can't be anywhere but green belt), to Barnet, on the very tip of north London where chain stores and Postlethorpe villas suddenly give way to woodland; duck ponds and golf courses. A good 25 miles as the bus zigzags for a mere 75p.

The route: a 51 to Woolwich, a 64 to Croydon, a 152 to Mitcham, a 64 to Croydon, a 194 to West Wickham, ... I'll have a BR day return to Brighton.

Laurie Weston

Putting people right about Benn

Few political episodes in recent times have led to more misinterpretation or misrepresentation of the truth than the current Labour Party deputy leadership election. Though it may mean risking facts getting in the way of some widely-held opinions, some things clearly need to be said.

One is about the reason for the election. The Benn camp has insisted that it is all about consolidating the main policy positions of the last Labour Party Conference. Within the party's wider political leadership, against the background that Mr Denis Healey said in the past made clear his total rejection of these policies. The Healey camp said, first, that it's all about personalities rather than policies; then, in a statement, said that the Healey camp believed in the policies anyway.

Each person can judge for himself. But it is worth recalling the judgement of David Watt, anything but a Benn supporter, who wrote in *The Times* a fortnight ago that the Healey camp is "a centre-right body. The deputy leader himself is a right-of-centre figure whom our TV friends will regard as mainly as the architect of monetarist economics and an incomes policy".

That was on June 5. It is true that on June 16 Mr Healey went

into print with a personal manifesto restating his allegiance to the main policy decisions of the last conference, and this might seem to outdate both Mr Watt's assessment and the rationale for having an election.

Or one might argue that it justified an election right up to the hilt since it is difficult to imagine Mr Healey making any such declaration except in the heat of a very tight election contest.

Be that as it may, on either count the Healey statement repays examination of the small print. First, his new-found commitment to "our alternative economic strategy for full employment" turns out to mean, in his own words uttered a day later, "demand management, sensible money policy and co-operation with the trade unions to keep wage increases in line with productivity".

It is a perversion of language to describe this as in any way what is meant by either the Labour Party or the TUC's alternative economic strategy, as any brief glance at either last year's party conference decisions or the TUC's recently issued pamphlet on this will reveal.

Second, Mr Healey has indicated he now supports "restoring the sovereignty of Britain from control by the Common Market" (whatever that exactly means), but that he still opposes withdrawal from the EEC. Yet the latter is what the party conference unambiguously decided. Third, he has now said he favours "reducing the burden of defence spending" and "cancelling the Trident project". Let me say as far as it goes. But what the conference decided on (and what Mr Foot has made clear he believes in) was a commitment to unilateral



by Michael Meacher

nuclear disarmament, and this Mr Healey has made clear he opposes.

Mr Watt's judgement therefore still stands, and the need for this election to help determine whether more clearly what the next Labour government will actually do remains as necessary as before.

Having said that, certain other things need to be added. This election was not, is not, and at no stage in the future will be, a challenge to Mr Foot personally or to his position as leader. Quite the reverse. Indeed, if the aim as stated is to help launch the collective leadership behind the views announced by the conference and personally espoused by Mr Foot, then in strict logic it should be argued that, if anyone is challenging Mr Foot, it should be seen as Mr Healey rather than Mr Benn.

Again, if I may quote David Watt as an independent witness: "when he (Mr Benn) says it is Denis Healey who needs

to be defeated, and not Michael Foot, he is merely stating what to any left-of-centre trade unionist is absolutely obvious".

But there is one other important issue that this election is all about, and that is the whole question of the accountability of MPs and the role of the PLP within the party's power structure. There is perhaps no more serious divide over this, but certainly also a considerable measure of misrepresentation.

Thus Mr Healey has alleged that the purpose, or the effect, of the democratic reforms within the party is to turn MPs into mindless automatons or "ambles". It is an extraordinary accusation. If anything could be said to have such deadly effects, it must surely be the existing system. For nothing more reduces MPs to the role of mere voting fodder than the present combination of patronage and whipping. Rather than demean the function of MPs, democratic reforms such as reselection offer them the possibility of an independent base from which to resist, if necessary, both the blandishments and whips of the present structure.

This enhancement of the MPs' position would be all the more legitimate, to carry the democratic reforms further by electing, not only their Shadow Cabinet spokesmen in Opposition, but also their Shadow Cabinet members in office, and also by seeking access to ministers' personal "cabinets" in Whitehall when in government.

Even leaving all this aside, it may still be said there is a real divide about the status to be allowed to the MPs' role under the current reforms. Innuendoes of "democratic

centralism" are spread about, suggesting an East European-type party, with MPs deputized to act as some kind of faceless delegates.

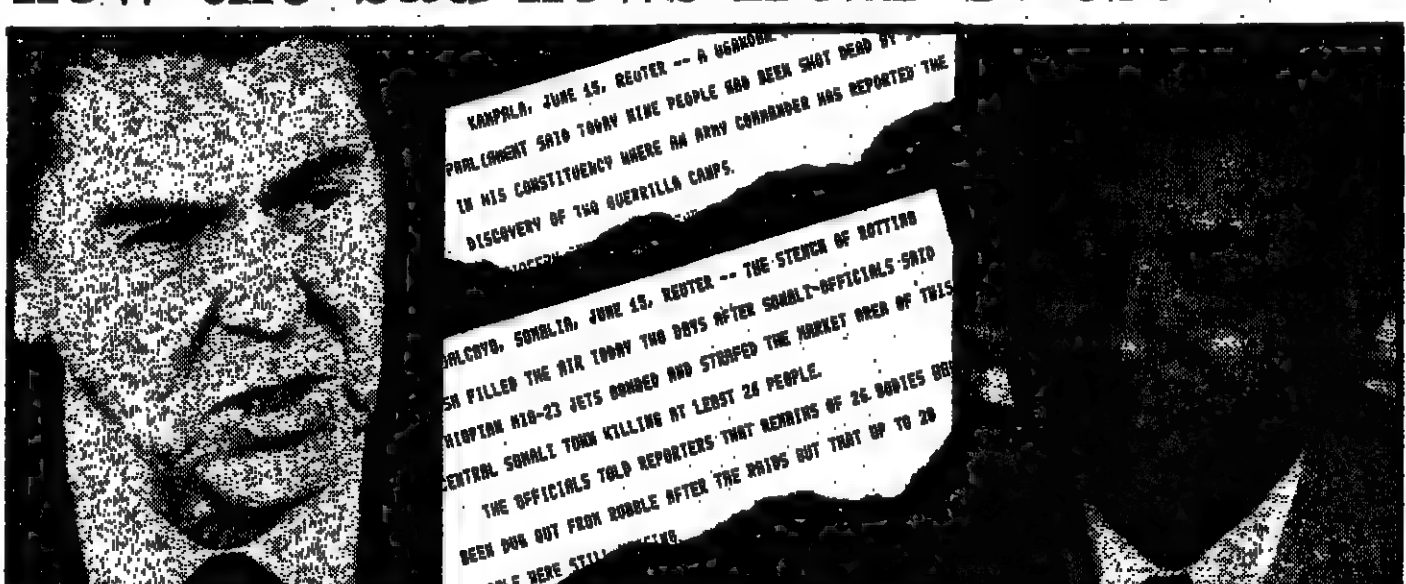
A little hard-headed thought to replace the emotionalism would not come amiss. The fact is, there are perhaps three models of the MP's role. One, which is perhaps the SDP view of parliamentary democracy, is that the public elects MPs as persons of (it hopes) good sense, integrity and experience and then leaves them to get on with it, undisturbed. Opinion polls have shown that this view is decisively rejected by a majority not only of Labour Party members but of the electorate as a whole.

Then there is the equally extremist view that MPs are mere creatures of their constituency general management committees—unable to step out of line on anything, a relationship of passive instrumentality. Such an intolerant view, even if held by some, is repudiated by the vast majority.

The third view is both defensible and surely right. This is that MPs have a major contribution to make in terms of understanding political practicalities and judging events and personalities; they should be allowed full opportunity to exercise this function but after a reasonably lengthy period should be held to account for the way they have carried it out. Surely this is not only a fair but a highly desirable balance.

Is it asking too much that the present reform campaign in the Labour Party should be judged on its merits for what it is and not for what its detractors make it out to be? The author is Labour MP for Oldham West.

And now the bad news from Unesco



President Reagan, sceptical of all UN agencies, especially Unesco, and two grim reports of the kind that upset the Third World. Right, Unesco's "honest broker" Director-General, Mr M'Bow.

stant effort to regulate the press. Encouraged by Unesco, the "new world information order" is shaping in a way which is incompatible with the free flow of information. Its empire-building in the communications field has been largely at the expense of its constitutional duty to "promote the free flow of ideas by word and image".

The new programme is central to that empire-building: on the one hand, it is to be the main international body concerned with communications. Yet Unesco's officials, in defiance of formal, written agreements, put it in jeopardy before the opening session.

When the guiding principles for the IPDC were laid down a year ago, the US insisted that its council must work by consensus rather than by simple majority vote. That was a basic condition for America's reluctant agreement to lodge the new body within Unesco, and it would have preferred it to be independent of any UN organization. It was also a matter of commonsense: plans for technical cooperation must have the confidence of the people with the resources.

Yet on the eve of the critical first meeting, the US drafted rules of procedure flatly contradicting the letter and spirit of the founding agreement. They read: "Each member shall have one vote... decisions shall be

taken by a majority of the members present and voting."

The inevitable effect was to polarize discussions from the start. The West, which in a majority vote would be heavily outnumbered, insisted that the founding agreement must be respected. But Unesco's action had given headline countries like Gabon, Benin and Iraq an opening to insist on new ground rules. Yesterday, after two days of argument, the West managed to secure a partial compromise: "priority" is to be given to seeking consensus. But Unesco's wording also stands: in the end, decisions will be put to the vote if necessary.

Unesco's Senegalese Director-General, Mr Amadou Mahtar M'Bow, presents himself to Western audiences as honest broker, a man striving to surmount ideological barriers and encourage constructive action. But Unesco's latest action has had the opposite effect, straining both Western goodwill and putting the future of the IPDC in jeopardy. It will need money, and Western governments are unlikely to sink funds into a body which could vote to divert them from practical to political purposes.

It is an indictment of Unesco that nobody is surprised by this development. Unesco's actions, and its propaganda, have always been poles apart. The West has tried to avert con-

trols over news reporting by striking bargains at Unesco. Year by year they have lost ground. There have been tactical victories, but they have only been temporary.

The United States, in particular, has given warning that it is no longer prepared to try to reach agreements, only to see them flouted or ignored. Western governments continue to be disturbed that Unesco's general programmes on communications are restrictive, underpinned by an assumption that the media are answerable to state for their conduct. The countries which pay more than half the bill are powerless to prevent the Secretariat drawing up programmes which threaten freedoms they hold to be basic.

It is right that they are at the bargaining table again this week. It is in Western interests to offer greater participation in the flow of information for countries which, because they feel excluded, understandably resent Western dominance. And there is no point in casting the field to the Unesco secretariat without a fight.

But it is time to make some things plain. Unesco is coming to the end of its rope. Europeans want to keep Unesco, but President Reagan is serious. Unesco is playing with an Administration which has intense scepticism about all United Nations

agencies, and has singled Unesco out as the most politicized. And it pays 25 per cent of Unesco's budget.

If Western governments want to help build up Third World media, they have other options. They could think in terms of a communications development trust, affiliated to the Organization for Economic Cooperation and Development but encouraging participation by the private sector. They could increase their inadequate bilateral aid. But failure in Paris will be bad news for everyone, not just for Unesco. Bitterness will spill over into the North-South debate at the important series of meetings scheduled for later in the year—the Commonwealth conference in Melbourne, the North-South summit in Mexico.

Mexico this week has been acting as peace-maker, supported by Venezuela and Yugoslavia. Other developing countries are wearying of high-flown confrontation. Unesco will have to learn that changing the rules ruins its credit with the West, and brings it little with many Third World countries. A meeting which should never have raised political questions is turning into a litmus test of Unesco's credibility, and its future.

Rosemary Righter

The Observer majority gives the nod to Tiny

Divisions among journalists at *The Observer* are beginning to show as the report of the Monopolies Commission on Lomro's bid for the newspaper draws close. I understand that a number of writers, photographers and production staff are increasingly dissatisfied with the continued opposition to Lomro, which is being led by the paper's editor, Donald Trefford.

Trefford tells me there are viable alternatives to Lomro: he will mention no names but I understand that *The Age* newspaper group of Melbourne with backing from the Aga Khan, is still in the running. A representative of the Aga Khan is now at the Intercontinental.

On the other hand, many of the journalists—while not believing Lomro to be perfect—do feel, as one of them put it, "that it's time we had some exciting media behind *The Observer*, so we should not just say yes to Lomro but say it with a certain amount of enthusiasm".

The division is the more keenly felt because the journalists who wish to stop the Lomro bid—Trefford, Adam Raphael (political editor), John Cole (deputy editor), Adrian Hamilton (Business News Editor), William Keegan (economics editor) and Colin Legum—are all senior people. But they are a small "gang of six", against whom are ranged a much larger "silent majority",

most of whom feel that Lomro is the only practical choice.

Few of the journalists who comprise the "silent majority" are willing to be quoted, fearing for their jobs. But three do feel strongly enough to go on record as Richard Hall, who writes the paper's "Public Eye" column, Judith Judd, a general reporter, and Tony Ellis, who writes for the magazine. It is a measure of the strength of their feeling, they say, that they are willing to risk being quoted.

Donald Trefford denies any discontent. "I'd like to think that any journalist worried about his security would have the guts to come to me, rather than leak to you." And it is of course no secret that Richard Hall used to work for Tiny Rowland on the *Times* of Zambia.

But the fact remains that many people on the staff feel that *The Age/Aga Khan* option would give *The Observer* yet another distant manager, along the lines of Atlantic Richfield, their present owners. "I hold no brief for Lomro," said one journalist yesterday, "but there are too many safe jobs here. What we need is a hard-headed businessman, who will see where the fat is and weed it out. We are sick and tired of amateurs."

Good riddance

After my suggestions for ways to get rid of guests who have overstayed their welcome, several bookshelves have been cleared, and I have been asked for boring, bedside literature.

Messrs Weldon and Wesley, of Hitchin in Hertfordshire, suggest

THE TIMES DIARY

The Deanery of St Paul's, built by Sir Christopher Wren or one of his sons, is now in danger of falling down, will be saved after all. The Court of Common Council (the City of London's planning committee) has approved a scheme to repair the building. Erected between 1672 and 1673, the Deanery is believed to be the only surviving edifice which complies with a 1667 Act to prevent a repetition of the Great Fire. It has developed a list in the

The Sheep Eater of Hindustan (1840) and The Sermons delivered by the Vicar of Little Snoring, Norfolk, by Ebenezer Thickness. William Duck suggests The Turkish Bath: Design and Construction (1890) and Allan Thomas offers The Wonderful thing that is happening to our boys (no date). The best of the books has to be Rat Catching for Amateurs, offered—but not written, I should make clear—by Eric Morten.

A reader from Guildford has a most helpful dog, who brings his slippers promptly at 11.30 pm, a gesture with which no one can argue. Someone else, whose signature I could not decipher, uses a somewhat cruder method: snuggles from a horse mane liberally sprinkled between the sheets. I'm

honour-bound not to reveal the address for you to avoid it, but I can say it's in Oxford.

No prizes for being brazen, but if there were, one would undoubtedly go to the father of a Somerset reader who stayed in a house where the bedside ashtray read: "Guests, like fish, stink after three days."

Wedding snub
Sir Immanuel Jacobovits, the Chief Rabbi, has failed to receive an invitation to the royal wedding—an omission which has offended many of Britain's 410,000 Jews. They are particularly wounded because Cardinal Hume has been invited (he may be reading a lesson, although Buckingham Palace will

not confirm it) and so have various Free Churchmen. And the omission coincides with the announcement of the Chief Rabbi's knighthood in the Queen's Birthday Honours last Saturday and a congratulatory telegram from Prince Philip.

Sir Immanuel, 61, who fled Berlin for Britain in 1936, has good relations with the Queen and once stayed at Windsor Castle where special kosher food was prepared for him and his French wife, Amelie.

His pleasant, rather shy personality means that, according to Moshe

Ronald Butt Are the wets high and dry?

The Conservative Party on the benches of the House of Commons is just now, a dog that is significantly not barking in the economic night. You might have expected that, coinciding with the first of the special Cabinet meetings to discuss the Government's economic strategy, Tory backbenchers would have been exerting some pressure for a modification of the current strategy so that the economy could be lifted off the ground more speedily.

After all, they are quite well aware of the danger that recovery may come too late for the Conservatives to win the next election, and may be nicely timed to benefit a Labour government brought to power through the unpopularity of Tory remedies.

Such Tory backbench pressure is, however, conspicuously absent. Of course, the more vehement expansionist critics of the Government's monetarism have not changed their tune. Inside the Cabinet, moreover, the object of the wets' in the Treasury is to force the Government to stave off further spending cuts, not simply in order to protect their departmental budgets but on the grounds that to reduce public spending still more would indirectly do damage to the hard-hit private sector.

Yet on the Tory backbenches there is no way of support for the "wets' aim of preserving or increasing public spending. That is why Mr Thatcher was able to sail off to the CBI dinner on that night, the first economic Cabinet to deliver a pre-emptive strike against the "expansionists" by insisting that there would be no turning back over public spending, and that it was now the "private sector".

She and the Chancellor now face a struggle with the "wets" over public spending, and yesterday's meeting at which they did not challenge the basic principles of Thatcherite policy was only the beginning. Their caution in doing so is closely bound up with the lack of support for such an approach on the Tory backbenches.

Imagine with what confidence the "wets" would have approached the Cabinet table yesterday morning if they had behind them cohorts of supporting Tory MPs. But on the Order Paper of the House of Commons there is no early day motion demanding more public spending. On the contrary, more than 100 Tories have signed a motion calling for a decrease in the nationalized sector, and the burden of complaint among Conservative MPs generally is that there is too much public spending, not too little. They are anything but pleased with the latest help for the Coal Board.

What is more, the Cabinet expansionists have no clear single proposition around which they can unite. It is all very well for Mr Prior to insist that employment must have priority and for Mr Clegg to argue that policy should be adjusted where necessary, but what particular alternative policy they have in mind is not easy to discern. They lack a focal point for an alternative strategy just as they lack a leader when it comes down to personalities—and also lack of support.

In the further economic discussions of the Cabinet, the argument may, of course, develop in ways that cannot now be foreseen. But Mr Thatcher, her monetarist colleagues and their close advisers have their faith quite unshaken. They regard the economic discussions of the Cabinet as an opportunity to instruct their colleagues and for challenging their critics to produce a non-inflationary alternative policy—which they believe is impossible.

If they have a fear, it is not that their policy is too stringent but that it is not stringent enough. Looking at the 14 per cent yield on long-dated gilt, which postulates a continuing rate of inflation of more than 10 per cent, some of their advisers recognize that this reflects the market's lack of confidence in the Government's political ability to stand firm. Indeed, on the performance of past governments, a

retreat at this stage could easily be envisaged. But Mrs Thatcher is determined to prevent it, and there is no sign that her essential power-base—the support of a strong group of Cabinet colleagues in the key posts, and so the parliamentary majority—is in any danger of erosion so long as she keeps her nerve. Her strength is not only the lack of an alternative to which all can agree, but the prospect that the monetarist ministers still offer their critics for a significant recovery by 1981 with a real chance of a 25p standard rate of income tax by then and even the hope of a modest tax relief next year.

There is perhaps only one point on which the Cabinet critics might combine to urge a new approach to public spending, with the support of some Tory backbenchers who would be quite opposed to a general relaxation. It is the need to secure the control over the supply of money, to separate the capital expenditure for nationalized industries from current spending and from the rigorous borrowing requirement.

Strict monetarists will argue that it is not possible, since borrowed money is borrowed money, whether it is spent. Yet there are supporters of the general monetarist position who would maintain that a nationalized industry should be as free as a private industrial company to raise money for capital expenditure on a long-term basis for genuine capital purposes (and under the Government's vetting) from the market.

One backbencher who argues this is Mr Tim Renton, an unambiguous supporter of the Government's economic policy and an MP with a great deal of industrial knowledge. Why, he put it to me when we were discussing the matter, should capital borrowing for British Telecom come within the PSBR because the Government has more than 50 per cent of it, whereas if the Government shareholding fell to 49 per cent it would come out of the PSBR reckoning—which is what has happened with British Aerospace?

He also pointed out that Cable and Wireless, because it was left as a limited liability company when it was nationalized, does not come within the PSBR at all and can therefore go to the money markets in this country and overseas for new capital as British Telecom cannot. Why should not Telecom do the same, he asks, arguing that there is no shortage of investment money and that, provided such arrangements were under strict government control, it would not increase the supply of money but would simply take money that would otherwise be invested in government stock.

Whether such arrangements would or would not affect the money supply and whether or not they could be applied more widely to government money for nationalized industries' capital needs is an arcane argument, but it is perhaps on this sort of question that the distinction between a future government policy might conceivably focus. But MPs who canvass these ideas do not regard them as diminishing the need for further economies in the public services, particularly in wastefully employed manpower.

In the series of meetings on the economy, the Cabinet has also to consider the effect of a whole range of influences on government policy, such as for instance, the impact of housing on the economy, the effect of the closed shop on employment. Mrs Thatcher hopes, by her realistic money policies to change the nation's patterns of behaviour—but of course she has been forced to these harsh policies, and to the heavy reliance on interest rates, because of the political "immovables" which the Government has inherited—including the size of the public sector.

What the Government ought to do is examine much more closely the shape of the society which has driven it to the blunt instrument of interest rates as the only means of escape from the menace of inflation.

Peter Watson

Urban spaceman

Carl Sagan's television series *Cosmos* has been a huge hit in America and last night it began on BBC 2. But British viewers, who are similarly star-struck by his studiously self-conscious version of science, Sagan is hardly likely to worry.

The tall, slim, corduroy-suited, polo-necked 46-year-old professor from Cornell University has already reaped a fortune of... well, astronomical proportions from his investigations of the universe. The illustrated book based on the TV series has been in the American best-seller list for 31 weeks and is now comfortably berthed at No 4.

In January he signed a \$2m contract with Simon and Schuster for his first novel, *Contact*, about man's first encounter with extra-terrestrial beings, a subject he broaches in the TV series. This angered Random House, publishers of *Cosmos*, who discovered that their contract with him covered only works of non-fiction. Plans to film the as-yet-unpublished novel are already well in hand.

Sagan was born in Brooklyn, a fact he makes much of in the series' first instalment. It is, as he suggests, an unlikely spot for nurturing an interest in the skies, being an intensely Jewish neighbourhood. His father was a Russian immigrant, a tailor who became a factory manager.

He tells the rather obvious story, which he insists is not apocryphal,

of how, asking at the library for a book on the stars, he was given one about Clark Gable and Jean Harlow. Overcoming that hurdle, he attended Chicago University from 1951, leaving in 1960 with a Ph.D. in astronomy and astrophysics.

Carl Sagan later moved through universities in the east and west coast, but he never gave up teaching, until he became a popular lecturer at Harvard. One of his most notable feats was to persuade NASA to decorate their Saturn and Jupiter probes with drawings of nude men and women, in case they should be intercepted by extra-terrestrial beings. Next time he should get them to carry a copy of his book, with a large dollar sign underneath it.

Shore riposte

The ambitious Peter Shore's campaign to succeed Michael Foot as leader of the Labour Party will have surprised nobody, except perhaps Sir Robin Day.

At last year's party conference in Blackpool, Shadow Chancellor Shore and Sir Robin sat talking late into the night at the ITN party (always the best of the week). Sir Robin, whose manner in private is much the same as it is on the screen, took a puff from his cigar and inquired: "Peter, there are two kinds of Prime Minister: horses who lack hair, like Baldrick; or horses who lack intelligence, like Churchill, Edouard Wilson. Which type are you?"

Shore brushed the hair from his eyes, then said: "Perhaps, Robin, I wouldn't make a very good PM."

Peter Watson



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LOOKING THE FACTS IN THE FACE

Most committee chairmen have faced the dilemma of how far to fudge the report for the sake of unanimity, and how far to let the majority have its head at risk of accumulating notes of reservation, and dissipating public impact. Mr Anthony Rampton went for unanimity. His report of West Indian pupils in school, published yesterday, and the Government has rewarded him by replacing him as chairman by Lord Swann, who has a more robust way with committees. Given the subject matter and the prickliness of the interest groups represented in the inquiry, he is likely to need it.

It is generally best for a report to follow the argument where it leads. Doctoring the results out of deference to the susceptibilities of specialist interest groups, and thus obscuring what really needs to be done, is most likely to be a disservice to all concerned in the end. Mr Rampton's fudge was not a wholly ignominious one, for the most uncomfortable judgments which have been dropped from the conclusions since they were in draft still find a place in the body of the report, endorsed by the representatives of racial minorities who sat on the committee.

It will be less excusable for Lord Swann to resort to similar expedients. In spite of decades of allegation and counter-allegation, there is still remarkably little firm research evidence directly relevant to the question of West Indian children's performance in school. This provides an excuse for caution, though not for suppression. Lord Swann will be able to commission deeper research (though he will not have time for much-needed longitudinal studies) and so may hope to have a firmer base of fact to rest his conclusions on.

The basic fact is that West Indian pupils are on average strikingly less successful than others at school, on almost every test of academic achievement.

ment. Far fewer gain high grades in CSE and GCE, far more are in schools for the educationally subnormal. During the main period of immigration in the sixties it was hoped that these disparities marked the shock of transition from one society to another. But the present generation in school is almost entirely British-born, and the disparity is still marked.

Explanations in view of the lack of hard information it is right to treat them all with reserve. They probably inform one another, which suggests that simple solutions should be treated with even greater reserve. The possibility that West Indian children are merely less clever than others is among the simplest, and least useful. Intelligence is a cluster of aptitudes, putting a value on them cannot be a wholly objective process. Even if there are differences in aptitudes between races, they are so small compared to the variation within each race that they have no significance for the treatment of individuals. The differences discussed here are far too great to be convincingly explained without reference to environmental factors.

The influence of racialism is likely to be important, even though it is probably very rare in the form of direct hostility and contempt from teachers. But the tendency of teachers in city schools to underestimate the abilities of all their pupils is almost certainly especially marked in respect of coloured pupils. Every coloured schoolchild must also be aware of racial prejudice in the wider atmosphere of society, and will tailor his or her hopes and efforts accordingly.

Yet this cannot be the full explanation. The committee's research shows a striking difference of average achievement between children of West Indian or Asian origin. The latter are much closer to white children in

their pattern of exam success. Yet Asians also suffer from poverty, overcrowding, and discrimination that is worse in some ways — and many of them have the additional handicap of speaking English as a second language. This evidence suggests that the most promising line of inquiry into the special problems of West Indians is to look for what they lack that Asians and Whites share.

This is the line where Rampton fudges hardest. There is evidence that many West Indian families are especially liable to suffer from problems at home. One-parent families are more common, necessity more often drives both parents out to work, and child-minding is more frequent. While there is no shortage of loving care, there may be deficiencies in those adult attention and verbal contact which are increasingly seen as important in a child's early development. At a later stage, there is likely to be less contact and sympathy between parents and school. Today's report from the National Foundation for Educational Research suggests that West Indian children who do well at school are more likely to come from families whose attitudes are similar to those of Asian families.

It is useless to point to all this as a censorious spirit, nor as a means of shifting the call for action from society to the family; there may be expensive implications for the provision of nursery accommodation, for instance. It is probable, as the NFER report suggests, that black community organisations have a valuable role to play in improving communications between parents and the educational system. Clearly these are only aspects of a more complex problem, and further research may make them appear less important. But they deserve further research, and Lord Swann must make sure that it is forthcoming. For if we are too timid to seek out the real causes of the problem, then we can do nothing about them.

WASHINGTON JUDGES ISRAEL

President Reagan's comments on Tuesday, in which he appeared to accept the Israeli argument that the attack on Iraq's nuclear reactor was essentially defensive, have come at a time when Mr Begin's own explanations are looking less and less plausible. At the time of the raid, Mr Begin maintained not only that Israel had to act to prevent the production of nuclear bombs by Iraq, but that it had to act urgently because the reactor would soon have become operational. He subsequently added that there was a secret installation built deep underground so that it would evade the notice of international inspectors. Since then, the idea of such a secret installation has been quietly dropped by the Israelis; and there have been statements from a number of quarters which suggest that the threat to Israel was nowhere near as dire as Mr Begin has attempted to paint it.

The latest is the report by the Congressional research service in Washington to the Senate foreign relations committee. This says that in normal operation the reactor would probably have required more than a year to produce the amount of plutonium needed for a nuclear weapon; and that if it had been converted in a way designed to produce as much plutonium as possible, the change would have been visible to international inspectors. The authors comment that once it had begun operation, the reactor would probably have been inspected at monthly intervals by the International Atomic Energy Agency (IAEA). They conclude that any attempt to use it solely for the production of plutonium would have been quickly detected unless Iraq had decided to withdraw from the agency's inspection system.

These conclusions do not wholly rule out the possibility that the reactor might at some time have been used to produce plutonium for use in a nuclear weapon. But they do suggest that the risk was at least some years off, and that an attempt by Iraq to do so more quickly was bound to be detectable. It only because of a sudden decision to exclude international inspectors. And the report points out that in the best of circumstances the Iraqi reactor, a copy of a French one used for civil nuclear purposes, would have been a most inadequate basis for a weapons programme. The report corroborates Mrs Thatcher's statement in the House of Commons that Iraq did not have the ability to manufacture fissile material for nuclear weapons. It is also fully in line with the information published in Paris this week by the French Atomic Energy Commission, according to which the reactor could not have been used for military purposes without changes — and that any such changes would have been visible to French personnel who, by the terms of the contract, were to remain at the site until 1989.

The question arises, therefore, of what Mr Begin's exact reasons were for ordering the raid. It is possible that he acted on faulty intelligence; more likely that he decided that however remote the risk of Iraq producing a nuclear bomb, it was not a risk that could be taken. As for the timing, there were clear advantages in bombing the reactor before it became operational, because if it had been done afterwards there would have been the risk of radiation in Baghdad. But there was also the enormous advantage, for him, of carrying out the raid before the Israeli election because of the popu-

larity the government could win from a successful attack, as has been shown since. It looks increasingly as though electoral considerations were an important part of his calculations.

In any case he has created a very difficult situation for the Americans, who have found once again that they attract odium in the Arab world for what Israel does without being able to control it. The Israeli raid is bound to make more difficulties for Mr Begin's efforts to mediate between Israel and Syria; and in the long run for any broader efforts to bring peace to the Middle East. The raid was strongly criticised by the State Department immediately after it took place, and the delivery of the F16s ordered by Israel suspended. Meanwhile the Senate foreign relations committee is to examine the all-important question of whether Israel has violated its contract with the United States by using American aircraft in an offensive role.

At the end of the day it seems very unlikely that Washington will stop arms deliveries to Israel — something that it did to Turkey on similar grounds after the invasion of Cyprus in 1974. It could hardly be expected to, given Israel's virtually total dependence on American support. But even so, it was Mr Begin's decision to drop the condemnatory attitude so soon, Israel under Mr Begin has caused serious problems for the United States — and has in the process lost much of the support it can usually count on, even in the influential Jewish community. There are all sorts of pressures that the Americans are likely to bear. And they should make clear, at the United Nations and elsewhere, that they condemn the attack.

Road and rail

From Mr Michael Posner
Sir, Professor Alan Day (June 17) writes "in my observation there has been a series of studies on rail electrification, which have been carefully shielded from the light of objective public appraisal." Professor Day has a long experience in these matters and a deservedly high reputation as a scholar. However, the only electrification study that is now in the public eye is the Main Line Electrification Report which was published earlier this year. I was joint Chairman of the Steering Group for this study — if Professor Day has glanced at it at all he would have found my signature on the introduction.

It would be highly offensive to me, and very unfair to the many professionals concerned, to suggest that on this major study we have ducked public controversy or "laundered" our results. The report, all ninety pages of it, is there to read; it was preceded by a couple of years earlier by an interim report; and if Professor Day had rung me up we would have been delighted to have provided more and to have engaged in whatever public debate he suggested. This report really examined a business proposition — it was not as perhaps some earlier studies have been a "cost benefit study", but a hard-headed examination of the expected commercial rate of return in real terms, which we wanted to be around 15 per cent. If Professor Day has not read this study, I hope he will now do so.

As to the concreting over the railways, I have always regarded that as a ludicrously provocative introduction to an academic lecture, not a serious suggestion. However, if Professor Day can find can produce a serious business proposition, I promise to debate it with him in public at the London School of Economics before a jury of our peers. My test of a "serious business proposition" is whether its supporters could raise enough money on the strength of it in the City of London to buy a bag of readymix, let alone a few million tons of concrete.

Yours faithfully,
MICHAEL POSNER,
British Railways Board,
Euston Square,
PO Box 100, NW1.
June 17.

history, and although segregated schools have not caused the problem, continuing to educate the new generation separately, is perpetuating the divisions. I was struck by what a small boy said to me recently, in the Ardoyne, "I would find it very hard to shoot someone I had been to school with." The majority of parents want integrated education, as four opinion polls in the province over the last two years have shown. The best hope for the future must lie in the children, who should be given the opportunity of being educated together. I hope the new school will be given a blessing by politicians and Church leaders of all parties and denominations. We need all the support we can get.

Yours etc,
PATRICIA FISHER,
16 North Court,
Great Peter Street, SW1.

N Ireland future

From Lady Fisher
Sir, David Watt, in his issue (June 12), about Northern Ireland rights states that "Direct Rule must continue until a political solution is found, and the level of violence contained; but there can be no solution until there is a change in the hearts of the people, and a real determination in both Protestant and Catholic communities to take joint responsibility for the state of affairs in the province. The meantime a constructive step forward is being taken, ACT (All Children Together), of which I am a member is starting an integrated school, Lagan College, in September. The roots of the trouble in Northern Ireland lie deep in

Contempt Bill and the Press

From Mr Gareth Rees
Sir, The coverage of the events in the Mall last Saturday (June 13) when blank cartridges were aimed at the Queen shows the pointless nature of some of the discussions on the Contempt Bill which have taken place in recent months. What is the purpose of serious discussion about the timing and nature of contempt when the press and television continue to blatantly contravene the law as they do. The breaches contained in some of the reports on the incident of last Saturday and the details of the young man arrested by police which continued until after he was charged, clearly abuse the law.

The Bill at present in Parliament aims to make the contempt begin from the time of an arrest or the issue of a summons as opposed to the time when a charge is pending or imminent. But the material which was clearly prejudicial to the case of the man arrested continued until well after both times and show no signs of abating. The purpose of the contempt law is to protect the right of every individual to a fair trial. Sir Michael Bavers has defended his Bill from claims that it hinders the freedom of the press but is this not irrelevant if everyone ignores it?

Yours faithfully,
GARETH REES,
30 Wesley Court,
Leeds,
June 15.

Car sharing

From the Parliamentary Under Secretary of State, Ministry of Transport
Sir, I was sorry to read your report of June 9, entitled "I do not think that it gives an accurate picture of what is going on at the moment — particularly since it goes on to say that 'private arrangements involving perhaps two or three people car-sharing on a day from a small village and sharing a car are thought to be still growing'."

Once Parliament passed the 1980 Transport Act, we were determined to tell the public about the legislative changes we had made to make car-sharing possible. So we advertised the idea widely. There is no reason at all to think that the campaign had failed, simply because there has been no spectacular increase in car-sharing. The Government never did say — and nor did we believe — that there would be quick dramatic changes. But we do expect that over the years, as motoring becomes more expensive, there will be a steady change in people's habits.

It is ironic that our critics seem last year saying that car-sharing would deal a mortal blow to public transport. Of course, they didn't happen. But now these same critics say that car-sharing is a failure because it has not become widespread and commercial.

I would like to make one final point. Through the Transport Department we have had a lot of silly and unnecessary legal rules and restrictions on car-sharing. And as far as I am aware no-one has asked to have them back. Yours faithfully,
KENNETH CLARKE,
Minister of Transport,
2 Marsham Street, SW1,
June 12.

Inner city churches

From the Reverend R. W. Cotton
Sir, In his letter (June 3) regarding the plight of inner city churches, the Reverend Gavin Reid suggests that the Church of England is really two churches: one for the suburbs and one for the inner city. There is more to a measure of truth in what he says.

Whist — an Archbishop's Commission on the problem of inner city churches — might be appropriate. The inner city churches to be taken by the diocesan bishops to initiate imaginative "winning" of suburban churches with urban churches. This would expose members of their inner city brethren, and at the same time might stimulate their financial and further support of those who worship and work in such situations. But it would also expose them to the remarkable spiritual life that exists in many such urban areas, to the way in which the inner city churches have managed to survive, and to the ministry of inner city churches. Yours faithfully,
R. W. COTTON,
Christ Church Vicarage,
12 Lubbock Road,
Chislehurst,
Kent.
June 9.

The Osirak raid

From Mr Geoffrey Gelberg
Sir, Mr Nasim Ahmed (June 16) cannot be so naive as to be deluded and expect your readers to be deluded by the mere fact of Iraq having signed the Non-Proliferation Treaty. Fair-minded commentators and historians, aware of the age of appeasement, will no doubt be thinking of the piece of paper which Mr Chamberlain with more optimism than reality brought us back from Munich. This should be contrasted with the fact that Israel is a tried and trusted member of the democratic Western Alliance, even without a formal treaty. Yours faithfully,
GEOFFREY GELBERG,
Chairman,
The Zionist Federation of Great Britain and Ireland,
80 Abchurch Lane,
741 High Road,
Finchley, N12,
June 16.

LETTERS TO THE EDITOR

NALGO action against spending cuts

From The General Secretary of the National and Local Government Officers Association

Sir, Public sector unions taking industrial action against local authorities which implement Mr Heseltine's budget reductions are not exercising "secondary control" over public policies and revenues as your leader of June 13 ("Servants not masters") suggests. Nor are we using the means of a democratic process. Unions exist to protect the jobs of their members and it is in accordance with this long established aim that they act. There is now ample evidence that the ratepayers too wish to guard the jobs and services which local authorities provide.

It would have been far more appropriate for you to have questioned the Government's policies and ask what mandate he has for cuts which in Scotland could result in up to 10,000 jobs vanishing in Lothian alone. Your suggestion that NALGO's 800,000 members should not be allowed to stand in local authority elections — even outside their own area — because of the conflict of interest is shameful. Are you also willing to propose that building contractors, lawyers, shopkeepers and others who also have an "interest" in local government should be restricted in this way? Are you about to attack the business ratepayers who are demanding a reintroduction of the undemocratic dual voting system?

I am seeking to defend hard-won jobs and services NALGO is acting not from "narrow, sectional inter-

ests, but from a much wider sense of public responsibility and concern, aims which the public at large is likely to applaud.

Yours faithfully,
GEOFFREY DRAIN,
National and Local Government Officers Association,
1 Mabledon Place, WC1,
June 16.

From Sir Jack Longland

Sir, I stick to the belief — now old-fashioned, that public servants whether in the Civil Service or in local government belong to a profession which, by its nature, should not contemplate using strike action for its advantage, though in return its members have the right to expect some guarantee of fair treatment from their employer.

The Conservative Party is, by reputation, the party of management. It is not a sign of good management that the present government, through the words and actions of at least some of its members, has antagonised a large proportion of the employees on whose loyal services it completely depends. The ill-effects of this breakdown in trust will reach far into the future. I write as a public servant, and, alas, as a presently shame-faced member of National and Local Government Officers Association. Yours faithfully,
JACK LONGLAND,
Bridgeway,
Bakewell,
Derbyshire,
June 14.

Churches' upkeep

From the Chairman of the Council for the Care of Churches

Sir, The letters from Canon Brian James (May 27), the Reverend Brian Doolan (June 4), John Brandon Jones and Gordon Cook (June 10) have been noted with great interest by the Council. There is hardly any need to constitute a special Archbishop's Commission on inner-city churches when there exists already in the Council for the Care of Churches, a permanent Commission of the Clergy Synod to advise on matters concerning the repair, care, use, adaptation, rearrangement and reordering of our churches. Our sister body, the Board for Social Responsibility, is equally well qualified to investigate and advise on the sociological factors.

In November this year we shall be bringing to the General Synod, for debate a Report on the Church's Response to Visitors (an expression which we use to "cover" all since the task of presenting, interpreting our church buildings imaginatively to visitors has scarcely yet begun in a convincing way. Our approach begins with a reminder that the church is a focus for Christian spirituality which implies worship leading on to Witness and Service to the Community.

Next year we shall be bringing to the Synod a Report on "On Adaptation, Rearrangement and Reordering of Churches" which will be more directly relevant to Mr Doolan's *de casu*. In our view there is to be a prior exercise in architectural discrimination and evaluation, and many of our nineteenth century city churches will be found deserving of respect and retention, though often with extensive alterations. Almost all of them are "historic" in the sense that they will often be found to have a tremendous potential for such internal adaptation, which we would greatly prefer to total redundancy or replacement. Finance, as Mr Doolan points out, is a crucial factor. Help from central government is chiefly available for the preservation and repair of the heritage element of our churches (though there have been exceptions, the most remarkable being the internal adaptation of St. Matthew's, Brighton); local authorities however, and also charitable trusts and

generous individuals, can, and do help with the development of church buildings. St. Catherine, Hatcham, in south London, where a combing under one nineteenth century roof a church (reduced in size from the original dimensions) with an old people's day centre and youth activities, and Lichfield St. Mary's, which combines under its lofty Victorian roof a two-storey adaptation housing a small place of worship and quiet, an architectural interpretation centre, a treasury for church civic and social life, a refectory for the casual visitor, and a shop, must here suffice as examples.

Finally, as an Archbishop, I am equally conscious of the importance of guarding against neglect of basic maintenance. "Preventive maintenance" is a concept pioneered by the Church of England, and now being widely adopted by other building owners. It is expediting that the Government is working on a bill all in this respect, by remaining adamant about the imposition of VAT at 15 per cent on maintenance and repairs, but not on new building works. My brother Archbishops up and down the land and I lose no opportunity of urging the vital nature of basic building maintenance: if, historically, we had not been doing so these many hundred years it seems unlikely that we should have survived 1,800 medieval churches extant in England. Prompted by Mr Brandon-Jones, we shall be reminding theological colleges and post-ordination training directors of the value of the training in the value of a basic knowledge of the care of buildings. Our experience is that when responsibility for church buildings is communicated with enthusiasm and knowledge, it finds a ready response.

Our Church buildings are a part of our living heritage. They bear witness to the truths of Christianity the inspired source on which our civilisation still depends. It is the constant concern of the Council for the Care of Churches to ensure that they shall continue to serve God and the present generation as they have done in the past. Yours faithfully,
ERIC EVANS,
Archbishop of Cheltenham,
Council for the Care of Churches,
83 London Wall, EC2,
June 15.

X-rays and growth

From Dr N. Cameron

Sir, I write to point out inaccuracies in Bel Mooney's article of June 16 ("Stop exposing young immigrants to the X-ray myth"). My authority on this subject is not a matter of experts asked by Lord Avebury to comment on the various aspects of Government policy concerning the X-raying of immigrants for the purpose of bone age determination. When Bel Mooney refers to "no less a body than the Institute of Child Health" she in fact refers to my comments written in the report commissioned by Lord Avebury.

Bel Mooney is clearly under a misapprehension about why "bone age" radiographs are taken when she writes "an X-ray test" — by which she means that the child's chronological age, or did not believe that age, would lead to the conclusion that this particular child is two years younger than stated". The point of bone age determination is to view the child's maturity in relation to chronological age. "Someone" who had the necessary expertise to analyse the maturity accurately would also be expert enough to know that chronological age varies by some two years either side of bone age. Thus their conclusion would in fact be that the appropriate chronological age for this child with an apparent bone age of five, might be anywhere between three and seven years in 95 per cent of cases, and still younger or older in the remaining 5 per cent. The very important and pertinent question as to why her child was X-rayed was simply due to delayed maturation and not some more sinister disorder. Such a conclusion may only be reached, in a prepubertal child, by investigating the maturation of the skeleton.

Bel Mooney is quite "wrong to state that 'the Institute of Child Health has pointed out that X-rays are unsafe and wildly inaccurate'". At no time have I (and therefore the Institute of Child Health) passed any opinion on the safety of X-raying a child's hand and wrist. Ted White, who wrote Lord Avebury's report, uses various sources to arrive at his conclusion that X-rays are not safe, within the context of the report, but he does not use the Institute of Child Health as a source. The dramatic and emotive opinion that X-rays are "wildly inaccurate" also does not come from my report to Lord Avebury. Within the clinical context in which they are used in this country — to determine the relationship of

Proposed changes in pilotage law

From Mr A. W. Snook
Sir, Recently Trinity House has been subjected to adverse criticism about proposals for reorganization of the pilotage service in its pilotage districts.

It has been inferred that Trinity House and its pilots have jointly forced through legislation which is to their benefit and to the detriment of the British shipowners. This is not true.

When the Merchant Shipping Act of 1970 was being debated in Parliament, Trinity House was the only organization concerned to voice reservations about it; however, it was then persuaded by the Government to withdraw its objections and thus permit a smooth passage for the new legislation. The letter dated May 26 from a member of that body fails to make any mention of this. Indeed, had Mr Michael Bailly been aware of it, perhaps his article "Why shipowners are taking on the pilots" (June 13) would have contained different facts.

Trinity House has never disputed that the principles of the Act are logical. It is sensible that the pilotage of any vessel should be in the hands of a body of experts. The difficulty lies in fair and proper implementation of this basic logic within the framework of the new legislation.

Reviewing preceding letters on this subject it would appear that many of your correspondents fail to appreciate that decisions in the administration of pilotage are made by committees comprised of shipowners, pilots, Port Authorities and, in the minority, this House. Although the latter is the Authority and promotes the byelaws it does not regulate the rates of pilotage. Any matter which is decided upon between the shipowners and pilots themselves.

In the meantime, Trinity House would welcome understanding on this complex situation. I am sure that you would be glad to see changes in the law. Yours faithfully,
A. W. SNOOK,
Deputy Secretary,
Trinity House,
Tower Hill, EC3,
June 17.

Oral archives

From Mr G. E. Evans

Sir, It should be pointed out, in answer to Mr Delby's plea (June 13) for the setting up of an oral archive, that a group of scholars from an university in Britain met at the British Institute of Recorded Sound, the Government funded archive, for this very purpose as long ago as December 1969. They were there to discuss the planning of a recording of oral testimony for use in history; and since that date they, and hundreds more, have been building an archive at BIRS and other centres up and down the country. Many universities and libraries have begun their own collections: English museums and research institutes have also been involved, while the Irish Folklore Department, the School of Scottish Studies, and the Welsh Folk Museum have long had similar collections in their archives of the oral tradition — a precursor form of oral history.

The use of oral testimony as a specific adjunct to the written record is at least thirty years old. But in the late sixties scholars brought back news of a similar movement in the United States, along with its novel title of oral history. As a result of this, the Oral History Society was founded at a meeting at the University of Essex started Oral History: An Occasional Newsletter; and eventually the Oral History Society was founded at a meeting at the University of York in 1973.

The movement spread rapidly, and most universities and colleges in Britain now have groups or individuals doing research in oral history. In the years ago the Oral History Society hosts to a successful international conference with delegates from most European countries; and there is also a continuing contact with its fellow society and the universities in the United States. Although the venue of a central archive for oral history recordings has not apparently been settled, many individual scholars deposit their tapes at BIRS, at 29 Exhibition Road, where they are housed in BBC store copies of their own tapes and where there are facilities for research. Ideally, copies should be stored in a central archive while surplus copies could be made available at local centres in the region where the tapes were originally recorded. Yours faithfully,
GEORGE EWART EVANS,
29 Exhibition Road,
Norwich.

Rigours of the season

From Mr Roland Morris

Sir, The following is extracted from a letter written by Horace Walpole from Strawberry Hill, Twickenham on June 15, 1768: I perceive the deluge fell on you before it reached us. It began on Monday last, the rain raised near eight-and-forty hours without intermission. My poor hay has not a dry thread to its back. I have a great many more in store, in short, every summer one lives in a state of misery and merriment, and I have found the reason: it is because we will affect to have a summer, and we have no tide to any such thing. Your poets learn their trade of the Romans and so started in their masters. The talk of shady groves, panting streams, and cooling breezes, and we get sore throats and agues with attempting to realise their visions. Yours etc,
ROLAND MORRIS,
6 Highfields,
Lakenhead,
Suffolk.

Light years away

From Mr Andrew Jones

Sir, On a recent stay in London I attempted to visit the Lesarum. Directory Enquiries kindly gave me the number so that I might find out its opening times, but on dialling the number I received information in French, German, Spanish and finally Japanese. Has our capital become so cosmopolitan that it no longer caters for its natives? Yours faithfully,
ANDREW JONES,
Sherwood Hall, Nottingham.



Stock Exchange Prices

Light selling

‡ Forward bargains are permitted on two previous days.

[illegible]

Return of the barnstormers in U.S., page 21

Business News

THE TIMES June 18 1981

IDC
Design, Construction & Engineering Service
Stratford-upon-Avon 4288

- Stock markets**
FT Index 544.8 down 6.6
FT Gilts 66.67 down 0.03
- Sterling**
\$1.9975 up 15 points
Index 95.6 down 0.1
- Dollar**
Index 107.2 down 0.2
DM 2.3477 down 40 pts
- Gold**
\$461.50 down \$1
- Money**
3-mth sterling 12 1/2-12 3/4
3-mth Euro \$ 17 1/2-16 1/2
3-mth Euro \$ 16 1/2-16 1/4

IN BRIEF

Thorn EMI to make video discs

Thorn EMI has bought for an undisclosed sum a factory in Swindon which could employ 100 workers by next April manufacturing video discs. It is expected to be in full production by next January, ready for the launch of the company's video players in the United Kingdom in June.

Thorn EMI has adopted the system of the Japanese Victor Company (JVC) in preference to its rivals from Philips of Holland and RCA of America. The JVC system called the video high density will be launched in the United States next January to compete against the RCA and Philips systems.

Hongkong shipping

Sir Y. K. Pao, chairman of the World Wide Shipping Group, said that in view of United Nations moves to abolish flags of convenience, the British and Hongkong governments should consider the creation of a Hongkong shipping register.

Change of name

The Radiochemical Centre in Amersham, Buckinghamshire, has changed its name to Amersham International, to bring it into line with its subsidiaries in the United States, France, Germany, Belgium, Holland and Australia.

Chemicals warning

M. Jacques Solvay, president of CEFIC, the European chemical industry organization, said in Brussels that even small quantities of cheap chemical imports into the EEC from the United States and East Europe can be damaging.

Honda's SE debut

Honda, the Japanese motor manufacturer, has been granted a listing on the London Stock Exchange. The company was sponsored by bankers Nieuwland, Benson and stockbrokers Casanova. Dealings start today.

Paper mill jobs go

Yates Duxbury, the Lancashire paper maker which went into receivership two weeks ago, closed yesterday with the loss of 200 jobs. The receivers, Touche Ross, said the company's substantial losses could no longer be supported.

Unit trust sales

Sales of unit trusts totalled £73.92m in May, well down on April's £107.43m, but still the fourth highest on record. Net new investment, at £36.43m, compared with net withdrawals of £57,000 in May 1980 and net new investment of £60.15m in April 1981. For the fifth month running the number of unit holders' accounts has increased, to 1,761,000.

Textiles upturn

A textile industry upturn is reported by Dawson International, makers of the Pringle of Scotland luxury knitwear brands. Prices of polyester filament yarn and acrylic fibre have risen by between 2.0 and 3.0 per cent in two months.

Roads computer order

ICL has won a £15m contract from the Western Australian State Government for the supply of a computer system for the state's road traffic authority.

Westinghouse deal

Westinghouse Electric Corporation has reached agreement with the Italian companies which will build the pressurized water reactors in Italy under licence.

Wall Street higher

The Dow Jones industrial average closed at 1,006.56, up 3.23 on Wall Street yesterday. The S&P 500 index rose 1.16569 while the £=SDR rate was 0.58269.

Manufacturing output starts slow recovery

By Our Economics Editor

Industrial production showed some stabilization in April after two years of decline, the Department of Industry said yesterday. Provisional figures for industrial output showed a 0.2 per cent drop on the March figure, while manufacturing output actually increased 0.8 per cent.

The figures suggest that output was still falling in the three months to the end of April, but they point to an end in the steep decline recorded throughout most of 1980.

In the three months output was 0.6 per cent lower for all industries than in the previous three months. The April production index was 98.8. Manufacturing, which had seen sharp falls throughout 1980, had performed slightly better in recent months. The drop in the three months to the end of April was only 0.3 per cent.

The biggest and most surprising jump in the manufacturing sector in April was metal, which jumped more than 7 per cent in one month alone to reach the highest level since early 1980.

Another bright spot was chemicals, where output in the three months to the end of April was up by 1.4 per cent on the previous three months. Chemicals and steel stand to benefit from an end to destocking, which is expected to be the most positive factor working on the economy over the next six months, according to experts.

Engineering remains depressed, with output down by 1.8 per cent in the three months to the end of April.

Pay deals average falls to 14 per cent

By David Blake and Peter Hill

The annual rate of pay increases slowed again in April, according to figures published yesterday by the Department of Employment.

Average earnings went up by just under 1 per cent after allowing for seasonal factors, bringing the annual rate of increase down to 1.4 per cent from 1.5 per cent in April. The earnings increase peaked at an annual rate of 26.1 per cent last September.

Since then, wages have been going up at an underlying rate of about three quarters of 1 per cent a month, according to department calculations. This figure fits in with estimates published yesterday by the Confederation of British Industry based on its database of pay agreements. This shows that settlements in manufacturing are averaging between 8 and 9 per cent.

The CBI and the Government believe that pay deals have been averaging the same level ever since three quarters of 1 per cent a month, according to the fall in the annual rate since then is caused by previous high settlements dropping out of the figures.

With deals covering 55 per cent of all workers now concluded in the present round, it seems likely that average earnings will grow by about 10 per cent in the 12 months to the end of July.

New deals yet to enter Government figures cover a further 10 per cent of the workforce and are thought to have been signed in May, with similar numbers of people expected to be covered by June and July agreements.

About 10 to 15 per cent of workers are not expected to settle at all during this pay round.

The figures show that manufacturing has done much worse than the rest over the past 12 months. Manufacturing wages have gone up by only 11.5, compared with 14 per cent for the whole economy. Manufacturing workers have been badly hit by short-time working and the loss of overtime, but their position might improve as the economy recovers.

The CBI aims to cut the level of earnings increases in the next pay round to about 5 per cent and is holding a conference for members today to discuss industry's approach.

Uncertainty is undermining plans by the EEC Commission to pursue a new voluntary restraint agreement with steel producers designed to restore profitability to the industry by introducing new price monitoring machinery.

With less than two weeks before the European Commission sign its mandatory controls on steel production, enforced since last autumn, in favour of an agreement by producers to curb output voluntarily, the Commission still has to spell out how it intends to apply its check on prices among steel stockholders and steel merchants.

The voluntary pact, which is aimed at providing a 10 per cent to 15 per cent price boost, is vital if the bitter price-cutting war, which has been taking place against a background of severe overcapacity and reduced demand, is to be ended. Under the proposals, the Commission will require steel producers to publish their list prices and stockholders will also be required to lodge their price lists with Brussels. There are an estimated 4,000 stockholders throughout the EEC who will be brought under the Commission's price surveillance machinery.

Whether the stockholders' lists should relate to minimum or maximum prices have not been

Expanding Tesco do better than expected

By Peter Wilson-Smith

Tesco, the high street supermarket group, reported profits down from £36.5m to £35.6m before tax in the 53 weeks to March 31. But the stock market was pleased with the figures, having expected worse after the half-time drop of £5.6m to £31.1m.

Encouraged by a small rise in the year's dividend from 3.5p gross to 3.64p, the shares rose 5p yesterday to 65p.

Tesco's results continue to reflect the cost of its huge store-opening programme last year, the highest increase in the group's history. A further 22 stores were opened, adding 790,000 sq ft to total selling space of 6.8m. Tesco plans 17 new stores during 1981-82, adding another 600,000 sq ft.

Tesco's expansion has led to an increase in depreciation from £14.6m to £20.2m, while interest charges last year jumped from £3.2m to £15.7m. Before these charges, profits were nearly a third higher at £71.5m.

Tesco said the second half increase in profits had been achieved through higher profit margins and substantial pruning of costs and this led to improved productivity. There was also a marked improvement in stockturn both in grocery and Home 'n' Wear—Tesco's non-food operation.

However, finance director Mr Ralph Temple said the performance of Home 'n' Wear was disappointing and steps had been taken to rationalize the product range.

A revaluation of Tesco's properties threw up a surplus of £150m, although this had not been incorporated in the accounts. Tesco has arranged a £100m medium-term loan facility of which £50m had been used at the year-end to replace short-term borrowings.

The sale of properties and sale and leasebacks generated £29m during the year and property sales worth £10m have been contracted since the year-end.

Financial Editor, page 21

Amex open to offers for offshoot

From Anthony Milson

New York, June 17

British and other non-American banks are expected to head the "quest" to purchase the American Express International Banking Corporation after the disclosure that its parent company is prepared to listen to offers.

The division, which offices in 34 countries and assets of \$5,900m (about £3,447m), accounts for 11 per cent of the profits of the American Express Group. In 1980 it earned \$41m.

The figure is substantially lower than its earnings in its two main activities: travel services, which contributed \$177m, and insurance, which made \$210m.

Analysts believe the company is willing to consider offers because its overseas activities are unlikely to grow rapidly, and the capital could probably be better employed in America where Amex is merging with the huge Wall Street stock broker firm, Shearson Loeb Rhoades.

The merger could also run into problems of the United States authorities, since Amex is a fully-fledged bank. It was in documents to shareholders about this merger that American Express disclosed that it had had talks with third parties about the division.



The champagne crashes on the bows. The top brass and distinguished guests look on.

Launch that faced a couple of slips



This was the moment when a £120m frigate began her Royal Navy career in a manner far from ship-shape. As HMS Exeter was launched down the Yarrow slipway, Glasgow, yesterday, a flagstaff mounted on the prow caught on a beam of the covered berth. Seconds later, as senior officers and overseas guests looked on in mounting alarm, the catwalk right across the River Clyde and ran her stern into the opposite bank. She quivered, then came to rest, apparently undamaged. Mr Robert Easton, Yarrow's chairman, blamed the incident on a pin shearing in the drag chain, which should have slowed down the 4,000-ton vessel. "It is one of those things that happen occasionally at launches," he said. "We have examined the ship and there is no damage. She just touched the bank and came away again."

Big cutback in oil tanker fleets

By Baron Phillips

Two leading oil companies are to make drastic reductions in their tanker fleets in the face of a world-wide oil glut and excess shipping capacity.

BP is slimming down by a further six ships after announcing a similar cut at the beginning of the year. Shell Tankers BV, the Dutch arm of the group's shipping division, will cut back by almost 30 per cent over the next five years.

BP's decision will take the overall reduction this year from 58 to 46 tankers. The group is also cutting its seagoing staff by 230 United Kingdom officers, 370 United Kingdom ratings and a comparable number of Indian crew.

Mr Ronald Ilian, managing director of BP Shipping, said last night that the cutbacks were caused by the general fall in world demand for tankers and a sharp drop in BP's requirements.

The Merchant Navy and Airline Officers' Association said of the BP move last night: "We are appalled and dismayed by the decision, especially as we only learned about it second-hand and there was no consultation."

Shell Tankers BV is to cut its fleet from 35 to 25 over the next five years. By 1985 the company will have disposed of 12 vessels (mainly tugs) and added two more smaller oil product carrying vessels.

Lloyd's fears domino reinsurance collapse

By Richard Allen

From John Earle

Rome, June 17

The Milan Bourse today lived up to its reputation as a lucky dip when, after a 12 per cent fall in two consecutive days, it bounced up to register a gain of 5.22 per cent.

The rise was a reaction to yesterday's decision by Consob, the Bourse supervisory commission, to allow only spot dealing for cash, in order to dampen speculation and protect the host of small savers who in recent weeks have put their money into shares as a hedge against inflation.

The Bourse's volatility was shown by the fact that, of the 163 shares listed, dealings in 35—including well known names such as Fiat, Montedison, and the big state owned banks—were temporarily suspended yesterday under a rule providing for this if a price oscillates by more than 20 per cent.

During the 1970s, the Milan Bourse gained the reputation of being a preserve for reckless speculators but recently small investors have been encouraged to return.

Lucky dip on Milan exchange

By Richard Allen

From John Earle

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Nissan in talks with Spanish

By Rupert Morris

The Spanish Embassy in London confirmed yesterday that Nissan, the Japanese car maker, had discussions with a state-owned Spanish car manufacturer.

The news came as Mr Zenko Suzuki, Japan's Prime Minister, left Britain this morning amid new fears in government circles that Nissan, which makes Datsun cars, may have abandoned Britain as a possible site for its proposed European factory.

At yesterday's meeting with Mrs Margaret Thatcher, Mr Suzuki was non-committal about the prospects of Nissan investing in the United Kingdom. The subject may be raised again today in top-level talks with Mr Rokusuke Tanaka, the Japanese minister for international trade.

Mr Mariano Darymas, the Spanish commercial attaché, said yesterday: "There are talks going on between Nissan and a Spanish state-owned company, but we don't know what the outcome of these talks will be. It depends on the speed of our negotiations with the EEC."

Spain is to join the EEC formally on January 4, 1984. Ford, among other big car makers, has a large manufacturing plant in Spain, where labour costs are lower.

The abandonment of Britain as a possible manufacturing base for Datsun cars—which already hold a 6 per cent share of the United Kingdom market—would be a blow to recession-hit industrial areas such as South Wales and the North-east of England, which have been keenly competing for Nissan's favours, and to the British motor manufacturing industry generally. Nissan would create 5,000 jobs directly, and create many more in engineering and components.

The Tokyo Government is to ask private enterprises in Japan to produce more manufactured goods in an attempt to lessen tension between Japan and the EEC on trade issues (Peter Norman writes).

After talks at the EEC Commission in Brussels, Mr Tanaka said that Japan did not expect its car exports to the EEC would differ substantially this year from last year's levels.

FOSTER BROTHERS

Clothing Company Limited

"Results satisfactory considering trading climate in the areas of retailing in which the Group is principally involved, must be at its worst level since the 1930's". B. G. Davison, Chairman.

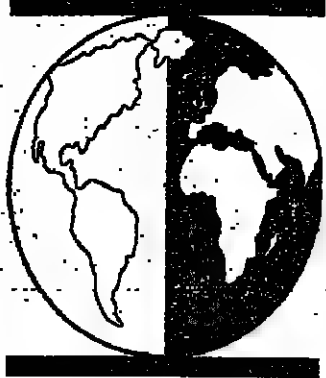
Other salient points from the Chairman's circulated Statement:

- During the year we have continued our programme of modernisation of FOSTER MENSWEAR SHOPS which should provide a platform for successful trading when the economic upturn comes.
- The programme of new store opening at ADAMS CHILDRENSWEAR has continued and five new branches are in the process of being opened bringing the total to 82.
- During the year we opened a DORMIE MENSWEAR DRESS HIRE concession in Swan & Edgar in Piccadilly, London.
- We have made changes in the merchandising policy of MILLETS and these together with updating their image should bring worthwhile improvement in their fortunes.
- Our cosmetic businesses STAFF FACILITIES and DISCOUNT FOR BEAUTY have both improved results on the previous 12 months and the MANUFACTURING DIVISION has again produced satisfactory results.

Summary of Results	
Year ended	28.2.81 29.2.80
	£000's £000's
Sales (incl. VAT)	94,272 89,836
Profit before tax	9,039 10,710
Profit after tax	6,045 5,945
Earnings per share	13.1p 12.9p

PRICE CHANGES

Rises		Falls	
Cumex	3p to 48p	BP	6p to 348p
Devalst	7p to 80p	Cons Gold Flds	12p to 43p
Dowry Grp	6p to 253p	Gen Accident	3p to 322p
First Nat Flia	13p to 32p	Gr Univ Stores	8p to 46p
Hampton Gold	10p to 215p	Midland	13p to 335p
Falls		Rises	
IC Gas	10p to 193p	Johnson Matthey	13p to 283p
Johns Matthey	13p to 283p	Nordin & Pock	10p to 513p
Nordin & Pock	10p to 513p	Weeks Petrol	10p to 430p
Weeks Petrol	10p to 430p		



China to pay debts on time

China has abandoned efforts to defer payments for \$600m (£301m) in plant machinery ordered from Japan for three petrochemical projects which Peking has postponed.

The Chinese Government notified the Japanese embassy in Peking that it will continue to make cash payments to Japanese suppliers for equipment ordered in 1978 for proposed petrochemical plants in Nanjing, Shengli and Daqing. China has been negotiating with suppliers to refinance the purchases with a loan from Tokyo's Export-Import Bank. Peking was seeking relief from the payments partly because it faces a foreign-exchange squeeze which has forced it to delay or cancel several industrial development projects in recent months.

No Kuwait oil cut

Shaikh Ali Khalifa Al-Sabah, Kuwait's oil minister, said Kuwait would not lower its current oil output by the level agreed at last month's Opec conference. He said the up to three million barrels a day oil surplus would disappear by the end of this year and he did not expect oil prices to fall.

Coal conversion offer

Australia has offered to advise Brazil on conversion of steel to oil. The offer was made in Brasilia by Mr Doug Anthony, deputy prime minister.

Japan ship orders up

Foreign orders received by Japanese shipyards rose sharply to 34 vessels totalling 671,329 gross tons in May from 20 ships and 337,669 tons a year earlier.

Belgian jobs plan

Mr Roger De Wulf, Belgium's labour minister, has proposed a major investment programme to create 200,000 jobs by 1985.

Soviet output lags

Soviet industrial output from January to May this year grew 12 per cent against the same period last year. Western economic experts say Soviet planners will be concerned that the 4.1 per cent growth target for 1981 may not be achieved.

Investment cut back

Japan's direct overseas investment in 1980-81 fell 6 per cent to \$4,680m (£2,375m) from a record \$4,990m a year earlier, the finance ministry announced in Tokyo. Japan's direct investment in the industrialized nations was increased in an attempt to ease trade frictions.

Uranium find

The Japanese Power Reactor and Nuclear Development Corporation said drill holes at the uranium find in Western Australia showed uranium oxide content of up to 2 per cent.

Engine group expects truck sales revival

By Clifford Webb, Midlands Industrial Correspondent



Cummins-owned trucks geared up for recovery

Cummins, the American-owned diesel manufacturer with a large stake in the British truck market, yesterday reported that the recession which has seen total United Kingdom truck sales plummet by 40 per cent, has now bottomed out.

It predicts a "modest revival" for the remainder of 1981, followed by rapid growth of over 25 per cent a year for 1982 and 1983. This would bring 1984 truck sales back to the record levels achieved in 1979.

Cummins' optimism will be welcome relief to the widespread gloom which has till now covered the whole truck industry. But even if the recession has bottomed out, and sales improve in the second half of 1981, manufacturers will still have to contend with further sales losses over the year 1980-81.

In the most important sector, over 28 tonnes articulated vehicles, Cummins forecasts only 8,500 new registrations compared with 10,000 last year. That means that 1981 will still be a disastrous 34 per cent down on 1979.

Heavy duty "artics" account for over 20 per cent of the commercial vehicle market, but traditionally show a sharper decline in periods of recession than other sectors. Against this, the rigid truck market has held up better, although foreign competition has benefited.

In that respect, Volvo's success has been quite outstanding. The Swedish company only launched the rigid market in 1975 when it took 2.8 per cent. Today it holds over 17 per cent.

Cummins believes that the

four-year rigid market will be the fastest growing sector, rising from 1,700 sales in 1980 to 2,500 in 1984-5, higher than the 1979 peak. It is also optimistic about the performance of United Kingdom truck manufacturers in this sector predicting that they will take 75 per cent. This would enable Cummins to lift its own share of the diesel market for rigid from 7 per cent to 18 per cent in four years.

The company is much less bullish about United Kingdom truckmakers' progress in "artics" over 28 tonnes but nevertheless it believes home manufacturers will put on a further 2 percentage points to take 50 per cent. Helped by a new lightweight 10-litre engine to be launched in two years' time, Cummins plans to increase its own penetration to 26 per cent.

That would mean Cummins engines powering over half of all British-made trucks, and explaining why the company is already investing nearly £30m to expand its plant at Shorts, Lanchashire, Darlington, Co Durham, and Dagenham.

Mr Roger Wilson, manager of Cummins of a small Kingdom field operations, said: "We have taken a long, hard look at the market and firmly believe that the recession has now bottomed out. We can look forward to moderately buoyant marketing conditions in about a year from now."

There has generally been a trend towards maximum weight vehicles, and above all Armitage (the Armitage Report proposing increased maximum weights for trucks) may become a reality. Cummins plans to increase its own penetration to 26 per cent.

First satellite station for business use

By Bill Johnston

Britain's first commercially-owned satellite earth station, which will be used to launch the European Space Agency in 1978.

Four other Marconi earth stations are already in operation. The first in Oxford and another in Geneva, Switzerland, are involved in an experiment to test methods of transferring bulk amounts of data on high energy nuclear physics between the Rutherford laboratories and the European Nuclear Research Centre (CERN).

The other two, at Farnborough and Darmstadt, West Germany, are transferring information on space. Viewdata, videoconferencing, high quality facsimile transmission and bulk data transmission are all expected to be available over satellite links.

The station, with its rooftop antenna, and accompanying electronics, will be located at the Marconi Research Laboratories at Great Baddow, Essex.

The new earth station will take part in a commercial experiment called "Univers" which will link the computers of Cambridge, Loughborough and University College, London. British Telecom, the Department of Industry, the Science and Engineering Research Council and Logica are also involved.

Three other rooftop terminals will be built by Marconi to be housed at the universities involved in the project. The experiment, designed to demon-

180 jobs go at Mitcham disc factory

By Our Commercial Editor

Precision Records and Tapes, part of Associated Communications Corporation, headed by Lord Grade, is to drop production of records with the loss of 180 jobs at its Mitcham, Surrey, disc-pressing plant.

PRT has already stopped making its own tapes, leading to the closure of a smaller factory at Dagenham, Essex.

But the company, which is one of the top half-dozen record distributors in Britain, plans to expand its sales of records and tapes. It already distributes for leading producers, including the BBC and Magnet.

At Mitcham, 14 million records a year have been produced, and the company is arranging with two other large pressing plants to supply its needs. To ensure supplies at peak production demand periods, it is financing extra equipment at the alternative

pressing plants where some new jobs are expected to be created. PRT also plans to expand through a new company, which will produce original material for new records and tapes. The separate distribution company is likely to seek extra clients to expand PRT's volume.

The decision to pull out of production comes at a time when the record and tape industry is facing increasingly tough trading conditions. Sales of records plunged again last year and the squeeze on profit margins has meant that any but the large pressing factories have become increasingly uneconomic.

Mexico oil price 'freeze'

From Our Correspondent, Mexico City, June 17

Señor Jose Andres Ortega, the Mexican secretary of national resources and industrial development, has announced that Mexico would maintain the new price of its oil for a month, during which time it would find out exactly what the situation on the world market was.

"We will clean up the list of our clients and reduce prices," he said.

He described as "hurried" the decision by Señor Jorge Diaz Serrano, former Pemex director-general, to lower the price of oil by \$4 a barrel.

Señor Ortega said Mexico was not prepared to cheapen its hydrocarbon reserves, nor to make them subject to speculation. "To follow passively the tendency of the market does not seem to be the best policy for Mexico as regards crude," he said.

Going for a fatter slice of £600,000m market Britain to drum up trade in Europe

By Derek Harris, Commercial Editor

UK TOP EXPORT 1980

	£ million	% of all UK exports
West Germany	5,071	11
United States of America	4,535	9½
Netherlands	3,843	8
France	3,586	7½
Republic of Ireland	2,637	5½
Belgium/Luxembourg	2,259	5
Switzerland	1,953	4
Italy	1,896	4
Sweden	1,618	3½
Spain	2,185	2½
Denmark	1,030	2
South Africa	998	2

Mounting anxieties about Britain's poor performance in exporting to the 17 countries of Western Europe, a £600,000m-a-year market, has led the British Overseas Trade Board (BOTB) into a new initiative which not only includes a campaign aimed at making industrialists more aware of opportunities, but a switch in BOTB resources.

Market research at a sufficiently detailed level to be useful to companies in specific sectors and national markets is to be beefed up. Other improvements in overseas market intelligence reports are planned, all aimed at the West European market.

First results are coming in from four product teams which have been studying developments in European countries for the past six months. They have been identifying export opportunities which British companies are best fitted to exploit.

But BOTB's Exports to Europe Branch (EEB), led by Mr David Wiseman, wants to tackle head on its most immediate worry — that too many British companies are throwing away trading chances in what is now an almost tariff-free market.

Although 58 per cent of British exports

now go to Western Europe, British goods still account for only 6.5 per cent of total exports into the West European market.

Mr Wiseman has another problem. "Too many large companies know how to bleed the BOTB system dry; the people we need to get to are the medium-sized and smaller

companies that are the newcomers". This is why seven regional conferences are being held later this year.

The drum-banging begins on Thursday next week at a London conference at which speakers will include Mr John Biffen, Secretary of State for Trade, and Mr Cecil Parkinson, Minister for Trade.

A British jam manufacturer failed to sell in the Netherlands until closer market study showed the Dutch distillate preservatives and additives.

It is a mistake to underestimate the amount of sophisticated consumer goods which are saleable in countries such as Spain and Italy despite a tendency to classify those countries as less developed markets.

German customers, with their high expectations of products, are among the toughest. A survey has shown 80 per cent of them uncompromisingly identify what they want and buy only that. In Britain only 40 per cent of consumers are so choosy, the survey found.

Security equipment, including intruder alarms, is probably an underdeveloped opportunity for British makers.

£25m grain mill boost for Corby

By Hugh Clayton

Investment of £30m in new plant by Associated British Foods will lead to the creation of two automated grain factories and more than 100 jobs at the former steel town of Corby, Northamptonshire.

Some of the money will be spent on a grain export terminal near Ipswich which will handle part of the growing British sale of grain to deficit countries such as Poland. Mr Garry Weston, chairman of ABF, said in London yesterday: "This will be my company's biggest single programme of new capital investment in this country."

The projects mark a new stage in the steady conversion of Britain's crown steel town of Corby into a modern grain importer and exporter in the wake of record harvests and support for farmers through the Common Agricultural Policy.

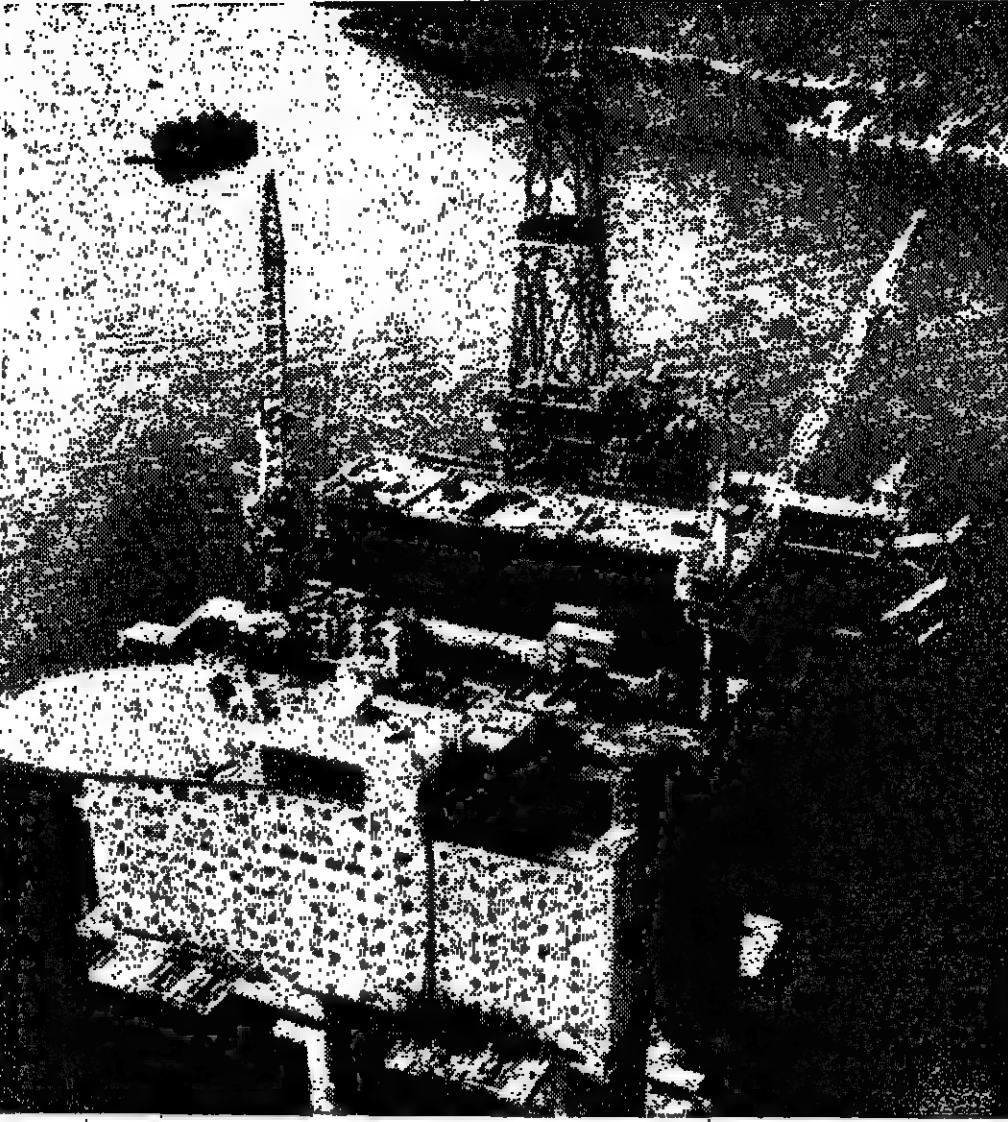
Mr Weston said that the group's £15m flour mill at Corby would be "the first inland mill built in Britain in living memory". Existing mills in ports reflected the country's long history of grain imports from North America.

The group is to build a £10m plant at Corby for the production of gluten and starch from home-grown wheat using technology made available through a partnership with Finnish developers. Gluten is used in breakfast cereals.

The announcement was given by Mr Peter Walker, Minister of Agriculture. He said Mr Weston's press conference straight from a Cabinet debate about economic policy and said: "I particularly rejoice when one of Britain's leading food companies expresses its confidence in the future by a dramatic £30m investment programme."

"The food industry is, I suppose, a great jewel in the economic crown of Great Britain. What you are now embarking on will be important, export-creating and job-creating. Corby, through no fault of its own, has faced with a very serious problem of unemployment."

For the Corby development, the group received regional development aid and a training grant of £125,000 from the British Steel Corporation.



World's biggest offshore rig

Oslo, June 17

The world's biggest offshore platform was yesterday officially named Staffjord B at Yrkesfjorden near Stavanger. It is now getting ready for towing out to the Staffjord oil and gas field, off western Norway, next August.

When completely outfitted and fully loaded with oil, the \$1,700m (£850m) four-legged platform of the Condeep-type will weigh about 45,000 tons. The 271-metre tall rig, when floating at the Staffjord field without oil in its storage cells and with reduction for buoyancy, will weigh about 367,000 tons.

The Staffjord field contains more than 3,000 million barrels of oil and about 100,000 million cubic metres of natural gas. The Staffjord B rig will have a daily production capacity of 150,000 barrels or 7.5 million tons of oil a year.

The rig consists of a 550,000-ton concrete base structure of 24 under-water cells, four supporting concrete legs and a huge steel deck.

Twenty of the under-water cells will be used for storing 1.9 million barrels (250,000 tons) of oil. Each cell has an inner diameter of 23 metres and is 64 metres high. The entire base covers an area of 18,200 square metres.

The four other cells support the four 111-metre-tall concrete legs carrying the 45,000-ton two-storey steel deck, living quarters for 200 people, a helicopter deck and four large cranes. The two-storey deck is 30.5 metres high, 114 metres long and 55 metres wide.

The concrete base and the deck, both built in Stavanger by Norwegian companies for the Staffjord group, were towed separately to Yrkesfjorden.

Another Norwegian-built Condeep rig, the 650,000-ton Staffjord A, is already producing at the Staffjord field, of which 11.25 per cent stretches into the British sector of the North Sea. — AP-Dow Jones.

'No option' on nuclear power

By Edward Townsend

A warning that British industry will be forced to pay considerably more for its electricity in the coming decades because of delays in the construction and building of nuclear power stations, is given in a new survey of world electricity costs published this week.

The report, from the American-based National Utility Service, says that nuclear power will account for 12 per cent of Britain's electricity needs and will still supply only 30 per cent, if the building programme is completed on schedule, by the year 2000.

NUS (UK) says: "In the absence of significant hydro resources and faced with the prospect of continuing price increases in coal, the United Kingdom's major generation source, Britain has little option but to accelerate urgently the building of nuclear power stations."

"Our industry cannot pay annual 17 per cent electricity price increases indefinitely; we need more nuclear stations, faster."

The survey, based on electricity bills paid by 750,000 commercial and industrial users in Europe, North America, Australia and South Africa, says the outlook for further containment of British electricity prices is bleak. After a 16.7 per cent increase in the past year, customers face another of 8-10 per cent rise in September.

Unless the nuclear programme can be revitalised quickly, NUS believes that annual increases will continue to exceed inflation by about 5 per cent.

In 1980-81, British industry was paying the world's second highest electricity prices, but was seventh in terms of the severity of price increases during the same period.

Belgium, dependent largely upon imported oil, has the world's highest prices, which last year rose by more than 30 per cent. France, however, had cost increases of only 6.8 per cent, and its industry pays a third less, in terms of United States cents per kilowatt hour (at April 1, 1981, exchange rates) than the British.

France experienced the second lowest price rise in Europe and, says NUS, this reflects the strengthening of the country's nuclear power generation.

West Germany's suppliers lifted their prices by 15.8 per cent in the past year, almost three times the country's annual inflation rate. Again, says NUS, continuing delay in bringing nuclear

World Industrial & Commercial Electricity Costs 1980/81

	1980/81
Belgium	130
France	70
Germany	64
Italy	61
United States	51
United Kingdom	49
Spain	47
Sweden	43
Australia	39
South Africa	38
Canada	29

Source: National Utility Service. U.S. Cents per Kilowatt Hour

	1980/81
Belgium	30.5%
France	22.1%
Germany	18.5%
Italy	18.5%
United States	16.7%
United Kingdom	16.7%
Spain	15.8%
Sweden	6.8%
Australia	6.8%
South Africa	0.3%
Canada	6.8%

stations on stream — will bring to an end Germany's long period of moderate annual price increases.

In the United States prices went up by an average of 22 per cent, reflecting energy conservation measures, oil import costs and a weak dollar during much of the period, although prices are still 25 per cent lower than in the United Kingdom.

NUS says that a shining example of reversing the global trend towards higher prices is provided by the United States company, Virginia Electric and Power of Richmond, whose new nuclear system enabled a cut in prices of 0.63 cents per unit.

Britain tops invisible earnings table

By Anne Warden

The United Kingdom became the largest net earner of invisible export income in the fields of consultancy, contractors, insurance, financial services, films, royalties, and student fees in 1979, with a surplus of 4,600m SDR (£2,691m) in the latest figures issued by the Committee on Invisible Exports.

Britain's performance pushed the United States down to second place in the invisible earnings table. Nearly two-thirds of the United Kingdom's total invisibles surplus came from these sources, and the 1979 total of

SDR 4,616m compares with 3,842m SDR in 1978. However, surpluses on travel and investment fell in the period between 1978 and 1979, mainly due to higher payments to foreign investors in North Sea oil development.

The United Kingdom also recovered second place in the ranking by gross receipts, overtaking France. Britain's receipts grew 30.9 per cent, from 26,570m SDR in 1978 to 31,914m SDR, in 1979. This was largely because of a sharp rise in indirect investment.

The United Kingdom's net surplus increased slightly, from 7,389m SDR, to 7,524m SDR.

World invisible trade increased its share of total world trade in 1979 for the third year in succession, to 24.5 per cent, and the fastest growing area was investment income partly because of higher interest rates. However, the invisible trade increase was slower than in the two preceding years, and transport, travel, and financial services declined relative to investment income.



Mr Garry Weston announces

New major investment programme

New major investments for ABF

\$30 million capital expenditure

programme to commence at once in the field of grain processing and handling to back ABF Group skills and to take advantage of new technologies and market opportunities.

New major investments for Corby

The major part of this investment will be at Corby where it will create jobs and, we believe, confidence; and bring new skills to a location ideally situated near England's wheat growing heart land. Capital expenditure will include £15 million for a new bread flour mill designed to use the maximum of home grown wheat. Additionally at Corby will be a £10 million factory to produce gluten and starch for use in the food industry and for other industrial uses, providing an outlet for some 100,000 tonnes of home grown wheat.

New major investments for British farmers

In backing our skills we are backing the expanding cereal growing industry in this country for British farmers. The wheat these new investments will use, and the products they produce will replace cereals grown overseas and products manufactured outside this country.

In addition, the better to service the British farmer, our Group will be building a new major grain storage and shipping terminal in East Anglia to be operated by our international grain trading subsidiary. Through this terminal we expect to condition and export over half-a-million tonnes of grain a year — a facility that will help open up wider overseas markets for British grain, and help the products of the British farmer to compete abroad.

Associated British Foods

Associated British Foods Limited, Weston Centre, 68 Knightsbridge, London SW1X 7LR.

BY THE FINANCIAL EDITOR

Tesco shops for the right formula

Tesco has managed to make up some lost ground in the second half after the dismal performance in the first and full-year profits are down by just under £1m at £35.6m pretax. The dividend has even been raised a fraction and the shares up 3p to 65p yesterday the yield is now 5.6 per cent—more than twice the return offered by either Sainsbury or Asda.

Unfortunately this is about the only comparison with those two which is remotely favourable to Tesco even though it also serves to highlight the underperformance of Tesco's shares in the past year both against the market and the food retailing sector. It is also worth remembering that a year ago Tesco was predicting higher profits. In the event it has made lower profits on its near 7 million sq ft of selling space and little more than half the profit which Sainsbury squeezed out of about 3 million sq ft.

There are two main reasons for Tesco's poor returns and low margins: its disastrous expansion and its so far fairly disastrous ventures in non-foods, which now take 25 per cent of selling space. The cost of the huge new store programme is reflected both in much higher depreciation and the

the going is tough, especially in Italy, the biggest single market.

Dawson's solidity is not in doubt. Pretax profits, inflation-adjusted, were £16.8m, though streamlining of Mackinnon and recovery in yarn spinning could carry profits this year up to around £22.5m, and the cash board is being held not only for a rainy day but against further acquisitions. But if, as the group insists, a general textile recovery is under way, investment interest is likely to turn towards more highly geared recovery prospects.

Some investors may have sold in May and gone away, but not trust holders were not among them. While the figures published yesterday by the Unit Trust Association showed that both purchases and net new investment last month were well down on the all-time record figures of April, the trend continues remarkably buoyant. As against net withdrawals of £5.5m in the first five months of 1980, and net new investment of only £30.5m in the corresponding period of 1979, in the first five months of this year net new investment amounted to £247.5m—which (in money terms, at least) is more than was invested in the whole of 1972, which was a record year for the industry.

More significant still, is the fact that the number of unit holder accounts is up again, for the fifth month running: not only is more money being invested, but more trusts are being bought. The trend of all this lies in the fact that unit trusts have found their salvation in abandoning their origins. It is not the general trusts, with their wide spread, which are attracting the money: it is the specialists, and particularly the specialists in overseas markets, in which the private investor is now starting to take as an enthusiastic an interest as institutional investors.



Mr Leslie Porter, chairman of Tesco.

escalation in interest charges from £3.2m to £15.7m, even though year-end net debt was slightly down at £52m thanks to a non-repeatability £30m out of working capital and £29m from asset sales and leasebacks. Meanwhile non-foods—Home 'n' Wear—has been very disappointing and the range of products is being rationalized.

There is some evidence from the second half that Tesco is tackling its problems. Even though second half sales growth slowed, pre-interest margins recovered from 2.3 per cent in the first half to 3.2 per cent reflecting higher productivity and better sales mix as well as higher gross margins and even though volume growth may be hard to achieve this year, profits could struggle up to £40m. So there should be some mileage left in the shares since they have been left so far behind. But borrowings will be rising and, in the longer term the question remains whether Tesco can get its large store, high non-food content formula right, or whether its strategy is misconceived from the start.

Dawson International A mature look

Dawson International did well enough in the year to March to raise the shares 6p to a new peak of 191p yesterday, but it is now starting to look a mature textile group. It sailed through recession—pretax profits were only £16.3m in 1978-79 and in the past year they went up a further 14 per cent to £20.7m on sales that advanced at the same pace. But two thirds of Dawson's business is abroad—so it is not the leading beneficiary of the textile industry recovery that the directors are now confident is under way.

The group is also biased towards the luxury trade which did not suffer as much in recession. It is solid enough with a whole string of strong brand names but mindful of the 1971 and 1975 setbacks it is nursing cash resources which rose by £13m to £22.4m in the past year, equivalent to 39p a share. For perspective, capital spending was only £3.5m and dividends absorbed £4.2m. Allowing for the two acquisitions, Mackinnon and Ballantyne (which made no contribution to pretax profits) working capital actually fell by £1.1m. The group benefits from the fall of the pound against the dollar but little of its business is dollar-orientated. Against European currencies

Johnson Matthey Another solid performance

Johnson Matthey's final quarter produced £15.3m pretax, less of a downturn from last year's £18.4m than might have been expected in view of the scale of activity on the precious metals markets at the beginning of 1980. So the full-year return is £45.6m, an 18 per cent improvement to follow up last year's 78 per cent and good enough to push the shares up another 13p to 283p where they yield 4.7 per cent. This is a demanding rating, though it rests comfortably on the knowledge that the rights issue proceeds should chip in at least £5m in a full year, so £50m-plus is attainable on static trading. Any upturn in turnover on the bullion markets or any improvement in economic activity for the colours and mechanical divisions will provide an extra fillip—in the former case a substantial one.

Last year's anti-recessionary strength arose primarily from the refining and chemicals division which raced ahead as the metals deal in the boom came through for processing quicker than usual because of the cost of holding precious metal stocks at high interest rates. In dealing and trading the performance of platinum should have more than doubled last year's £2.2m contribution, while banking fell as the metal markets slipped into the doldrums and colours and mechanical met the full force of the recession.

Given, therefore, that the overall picture now looks rock solid if unexciting, the shares may well tend to drift somewhat from this level, but the fall could hardly be significant against this quality of performance.

There was nothing much for financial markets to get their teeth into in yesterday's economic statistics. The April industrial production figures continue to suggest that the recession may have been bottoming out in the first quarter of the year, rather than point to the long-hoped-for recovery. Certainly, there has been no sign from the Prime Minister over the last couple of days that there is going to be any stimulus from the Government end. Meanwhile, the make-up day for the June money supply figures came and went without serious hiccups. The authorities moved quickly to relieve an unexpected shortage in the money markets and the overnight interbank rate never went higher than 12 per cent.

New York In the two years since President Carter swept away the mountain of federal rules and regulations which laid down in detail where American airlines should fly, how often and at what price, the industry has been transformed.

It was then among the costliest and most profitable cartels in North America, with airlines competing in the extravagance of their advertising campaigns, the quality of their food and their ability, or otherwise, to deliver you and your luggage on time. But real competition barely existed. Price cutting was not allowed, and airlines could not muscle in on routes served by their rivals.

After Mr Carter allowed price control and freedom of entry into the business, it all changed. Now air transport is the target for a breed of entrepreneurs who are not so much new as a throw-back to the boom days of the 1920s, the heyday of commercial aviation in the 1920s.

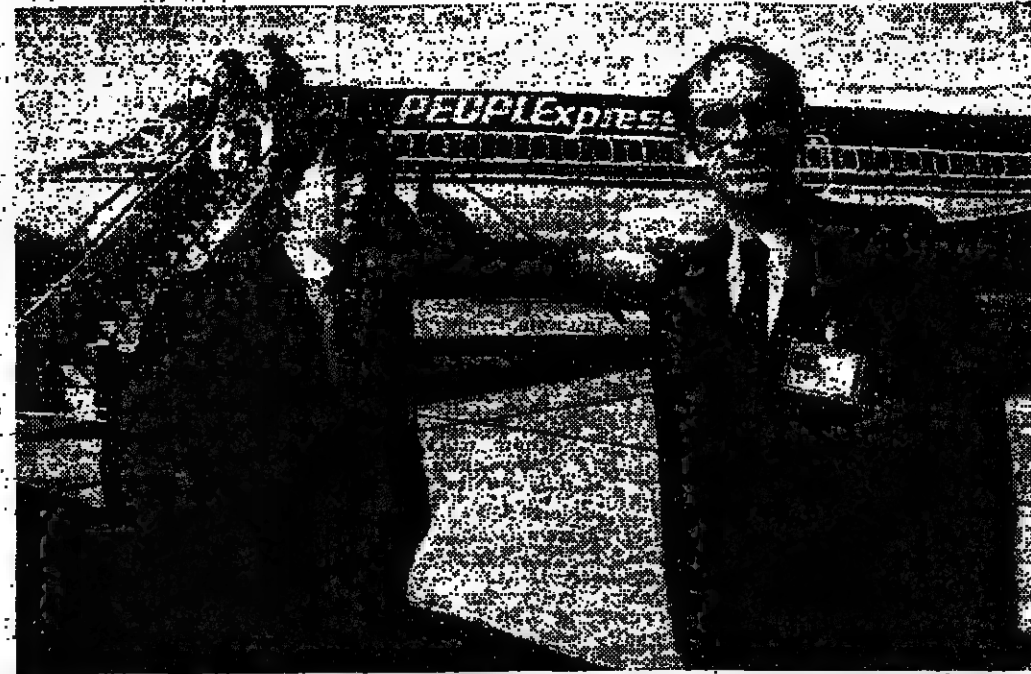
The established airlines are an easy target. Their expensive planes, prestige offices in the plush parts of the city, huge computer installations and massive overheads all make them ill-equipped for price cuts. So they are under siege—in California from PSA, in the South from Texas International, in the Chicago area from Midway and in the East from New York Air.

But, for some, the most significant development is the launching of People Express, an airline which began flying only at the beginning of May. Rather than simply cut fares, it has challenged several of the basic concepts which air travellers took for granted.

"No one can complain about the food, because there is no food," says joint founder Mr Gerald Ginter, a 35-year-old marketing and planning expert who was formerly one of the youngest ever vice-presidents of TWA. His partner and the airline's operations expert, is 39-year-old Mr Donald Burr. The two met during a brief stint together in the executive offices of Texas International—then known disparagingly as "The top Airlines", but now so

America's latter-day barnstormers

In the second of two articles on 'no frills' flying Anthony Hilton describes a new US airline



Mr Donald Burr, left, and Mr Gerald Ginter, joint founders of People Express: "No one can complain about the food, because there is none."

powerful that it is trying to take over Continental, one of the top 10 trunk carriers in the country.

No food means no galley on the aircraft, which gives more room for paying passengers. But it means a lot more besides. It forces the flight attendants to collect fares rather than serve food, so the airline does not need ticket offices of its own. Passengers who feel the need for a travel agent, but one need simply telephone

to make a reservation and pay the fare on board.

The extra space also means that there is more room for luggage in the cabin racks, and underneath space has been redesigned. Passengers are actively encouraged to carry their luggage on board—so actively in fact that if you want your bags conveyed in the conventional way, there is a \$3 surcharge for every item.

Minimising luggage handling obviously saves labour costs, but

it also means that passengers can get on and off much faster. The company says that passengers with reservations need to arrive only 10 minutes before departure time and walk straight on board. At the other end they can leave immediately without having to wait for luggage—which of course means the aircraft can be turned round more quickly and used more intensively and efficiently.

All this, plus the shrewd purchasing of second-hand Boeing 737s admirably suited to short-

haul operations and the use of flexible, non-union labour, translates into astonishingly low fares, particularly outside the rush hours. From New York to Buffalo, 400 miles, costs \$23; to Columbus, Ohio, 550 miles, costs \$35; and to Jacksonville, Florida, 1,000 miles, costs \$49—which is like flying from London to the South of Spain for less than £25. Before People Express began operations the competition was charging \$99, \$146 and \$172 respectively, so it is not surprising that the first day the newcomer advertised its reservations desk handled 7,000 phone calls and it has been flying ever since.

That the airline is flying at all is also a tribute to the willingness of the American capital markets to back new ventures. Its founders, though they likely also float biotechnology company Genetech and Apple Computer, organized a share issue which raised \$26m (£12.7m) in start-up capital.

This gave the company the "credibility" needed to borrow a further \$37m from Bank of America and other smaller banks to finance the purchase of its aircraft. And so shrewdly did it bargain, its entire fleet of 17 Boeing 737s bought secondhand from Lufthansa will cost only a fraction more than just one of the new Boeing 757s to be delivered to its competitors from 1983 onwards.

Burr and Ginter are already millionaires—at least on paper—but it is still far too early to say whether they or their airline will be a long-term success. Although the established carriers cannot compete with it, there is the much more likely prospect that other "no frills" airlines will try to ape its success. And if that happens life will obviously become much tougher—though even better for the customer.

Perhaps the American public will remember how, on leaving office, President Carter pointed to deregulation of the airlines as one of the unappreciated successes of his administration—and appreciate it.

Economic notebook

Floating into a world of fixed rates?

'An increasingly vociferous school is saying that floating is fine in theory but is creating all kinds of difficulties and dangers in practice.'

interact through two great "oil shocks". More important is the second, and principal premise of the floating rate system is the only logical one to use in a world in which domestic economic policies are largely monetarist-oriented.

Monetarists argue that if the prime aim of domestic economic policy is to control the domestic money supply, then the authorities must concentrate solely on controlling the quantity of money and forgo any attempts to establish a desirable price for it. That means abstaining from trying to set either an internal price (interest rates) or an external price (the exchange rate).

The problem with trying to meet an exchange rate target while pursuing a domestic money supply policy is quite simply that an exchange rate target almost inevitably involves official intervention in the foreign exchange markets. That, in turn, means that money is constantly being pumped into the system or, if the exchange rate is being supported, drawn off. In short, it threatens to undermine the whole process of monetary control.

Expansionary

From the hard-line floaters we can move on to the qualified floaters. This increasingly vociferous school says (or seems to say) that floating is fine in theory but is creating all kinds of difficulties and dangers in practice.

The problem, as they see it, is that some governments, notably the American Government, are not playing the game. They are pursuing monetarist policies but allowing too much

of the strain to be taken by interest rates, rather than fiscal policy. In other words, fiscal policy is still too expansionary in relation to the restrictive stance of money supply targets, with the inevitable result that interest rates shoot up.

This, consequently, causes large shifts in foot-loose international funds, (of which there are plenty about, thanks to the huge surpluses of the nations which make up the Organization of Petroleum Exporting Countries (Opec) and the explosive growth of offshore money generally) and exchange rate movements which bear little relation to underlying inflation rates and trading patterns.

Shift the main burden of counter-inflation policy to fiscal measures, say the qualified floaters, and the floating rate system may well be able to work in an acceptable and useful way.

Not so, say the anti-floaters. The whole point is that govern-

ments really cannot be relied upon to pursue well-balanced policies under the present system. Some see the easing of monetary policy (publicly notified or otherwise) and a market adjustment to the exchange rate as an easy escape hatch if the political going gets too tough. Others may simply find it more expedient from the outset to throw the burden of policy on market forces rather than unpopular fiscal decisions.

Given that, and given the interest rate volatility inherent in some countries' monetary control techniques, then one is living in a dangerous world. Dangerous in the sense that industry is unable to plan; dangerous, too, because countries at the other end of sharp exchange rate movements will inevitably be tempted to take defensive action.

But that is not the end of the argument. Some fixed rate advocates would also question the adjustment mechanisms of a monetary/floating exchange rate system.

Pressures

Take, for example, the case of excessive demand developing in a particular economy, or a rise in relative costs. The demand for money would almost certainly rise and against a background of firm money supply restraint that would lead to rising interest rates and in all probability a rising exchange rate, too. In other words, the cost of money is raised and the pressures of international competitiveness intensified.

But is that necessarily the

right approach to the underlying problem? Arguably, a straight fiscal adjustment might be a better way to deal with excessive demand and a depreciation of the currency (along with other supportive internal measures) the better way to deal with an underlying change in relative competitiveness. In a sense, of course, that all points to a return to the bad old days of fiscal fine-tuning. Perhaps, however, the lesson that has since been learnt is precisely that fiscal fine-tuning is not so bad provided that fiscal policy as a whole is operating within the constraints of broad monetary framework.

How the exchange rate debate will evolve is anyone's guess. But two things at least seem clear. One is that any particular system is likely to work better given more fiscal discipline on the part of individual governments. The other is that there will be a great deal of indeterminateness of any one system against a background of Opec surpluses and external free-flooding of capital movements.

The traditional argument is that a fixed rate system during the seventies would have required deflationary fiscal adjustments that would have been politically and structurally impossible. The counter-argument is that the offsetting benefit would have been a more stable financial environment in which a far larger part of the world's increased savings would have found its way into real rather than paper assets.

John Whitmore

Business Diary: At last, Sir Campbell • Mrs Thatcher relents

The next president of the Confederation of British Industry is to be Sir Campbell Fraser, the Pringle of Scotland, Braemar and Ballantyne luxury knitwear group, was in town from Kinnross yesterday to explain why Dawson has become a second biggest profit earner in textiles, with pretax profits of nearly £21m (in the year to March), while all Courtaulds could manage was £5.1m.

"I was brought up," he told me, "in Lanarkshire between the wars which meant we were poor and dad was often out of a job. The other day I ran into the vice-president of a United States bank. He told me that he had a huge income, stock options and a fine car—and that he could be out of a job at one day's notice. He thought this was fair. So did I."

Sir Terence Becket, the director general of the CBI, said yesterday that the real reason was that Sir Raymond was ill at the time.

Sir Campbell, who will take over the presidency in eleven months and is a forceful speaker, is a director of British Petroleum, British American Tobacco Industries and Finance for Industry and is chairman of Scottish Television.



Alan Smith (right), chairman of Dawson International, the Pringle of Scotland, Braemar and Ballantyne luxury knitwear group, was in town from Kinnross yesterday to explain why Dawson has become a second biggest profit earner in textiles, with pretax profits of nearly £21m (in the year to March), while all Courtaulds could manage was £5.1m.

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EMI has won the race to release the first recordings of Chinese music to be made in Peking for foreign consumption, since Chairman Mao came to power more than 30 years ago. There are three LP records, one by a woman soloist on a traditional Chinese instrument—the jing—and two of traditional and contemporary Chinese music by the China National Broadcasting Orchestra conducted by Peng Xunwen. The deal was clinched by Malcolm Brown, EMI's South-east Asia music man in Hong Kong. He has made three trips to Peking in the last year, beating the American recording company CBS to the punch. They, too, plan an album of traditional Chinese music.

the taxi like the next man.

Smith said that they needed assets, supplies of cameras and a lot of this came from China and Mongolia. "But the nomads there cannot meet our specifications. So we have started a cashmere goat industry in Australia's New South Wales, and where we get a present around 40p of cashmere a goat, we could wind up getting a pound or two. But this is five to 10 years away."

"Japan is a fast growing market. In October we will help to sponsor a Japanese art and culture exhibition at London's Royal Academy, along with people like Shell. If, say, 4,000 people go through the gates it will not cost us a penny."

Brown says that his three records did better than expected when released in Japan and there are now plans to release them more widely, beginning with Italy and New Zealand, where the Chinese orchestra has toured. A fourth record, a trendily-entitled "Greatest Hits" of the Peking Opera, is also on its way.

Brown is trying to get the Chinese interested in EMI's western recordings—pressing, manufacturing and selling the discs in China. The three discs he is releasing in the West were cut in Peking but pressed in Singapore and Hong Kong. He played recordings of Mozart's Eine Kleine Nachtmusik and the Beatles' Yellow Submarine to broadcasting

Government ministers are rarely seen at wine tastings in these austere times, but there was a more than convivial welcome for Geoffrey Pattie, Under-Secretary of State for the RAF at the Ministry of Defence, at a tasting given yesterday by Dolatons of London, Oxford and Cambridge, at the Caledonian Club.

It was due to his personal intervention with the Prime Minister that Dolatons got a year's reprieve for the use of its own bonded warehouse for wines at its Paddington Green headquarters—one of the few such warehouses in central London, owned by an independent firm.

Owing to cutbacks in Customs and Excise manning, levels it would have been due for closure under regulations stipulating a minimum turnover and size of stock.

Chairman Simon Bradley explained: "Geoffrey Pattie is a customer and an old friend and was able to make representations for us to the Prime Minister in view of our export potential. It is extremely encouraging that the Prime Minister should take a personal interest in fulfilling an election manifesto promise to support small businesses."

Dolatons, which received the Royal Warrant in January, has plans through a subsidiary company to export its own brands of gin and whisky, as well as table wines, very soon.

"I am confident we can expand business to meet the new regulations," Bradley says.

Packaging is a pet hate with people, and it is like me, you are fascinated by ring of one sort or another, then keep an eye open for "Taking the biscuit", an exhibition of this made for Huxley and Palmers between 1875 and 1939.

The exhibition opens at the Geoffrey Museum, Hackney, London, on July 8, and from August 3 it will go on tour throughout the South-east for the next year or so.

The show was all made by the Reading firm of Huntley, Bourne & Stevens and include the "Seasons" of about 1885, which is like a French snuffbox, and "Egyptian vase" of 1924, which might have been inspired by the tomb of Tutankhamun.

Huntley and Palmers, part of Associated Biscuits, maintains the tradition and has naturally brought out a Chas and Di tin. The exhibition is of items from the Palmer collection at Reading. Art Museum, which Associated biscuits put on permanent loan there when the group emerged from the amalgamation of H and P with Jacobs and Peck Freans.

Margaret Thatcher jokes: "The Prime Minister is out strolling with a secretary when she stops before a shop window. 'See that 3 Trousers £3, jackets £10: how can people say we're not beating inflation?' " Prime Minister," replies the secretary, "that's a dry cleaner's."

Ross Davies

Chesterfield Properties Limited

RESULTS FOR THE YEAR ENDED 31st DECEMBER, 1980.

	1980 £000	1979 £000
Rental Income	4,882	4,032
Profit Before Tax	3,321	2,859
Profit After Tax	1,630	1,539
Earnings per Share	8.22p	7.77p
Dividend per Share	6.00p	5.00p

* Profit Before Tax Increased by 16%
* Dividends Increased by 20%

Copies of the Report and Accounts can be obtained from the Secretary, Chesterfield Properties Limited, 56 Cannon Street, London WY1 8EY.

Rowlinson

Mr. P. J. Rowlinson, Chairman, reports on the year ended 31st March, 1981:

- ★ Before-tax profits £240,516
- ★ After-tax profits with stock relief £850,137
- ★ Year of consolidation; now prepared for an upturn
- ★ 200,000 sq. ft. of new industrial property ready for letting
- ★ Increased profits forecast in the coming year

Accounts available from the Secretary
ROWLINSON CONSTRUCTIONS GROUP LTD.,
London House, London Road South,
Poynton, Cheshire SK12 1YE

FINANCIAL NEWS AND MARKET REPORTS

Stock market

BP jitters prompt selling

Faced with the ever growing threat of a massive rights issue from BP and no apparent change in the Government's economic policy, investors decided to take their profits and run yesterday.

Sporadic selling first thing produced minus signs in most sectors but jobbers described turnover as generally low. Little further progress in the market until the widely expected issue from BP is out of the way. Some estimates put the cash call at as high as £1,000m, which was enough to shake the share price to 348p. This, in turn, did little for the FT Index, in which BP is a constituent, closing at its low point for the day 6.6 down at 5448.

The banking sector also came under selling pressure with renewed nervousness of a rights issue from Midland Bank, down 13p at 335p, to pay for its recent Crocker National Bank acquisition.

Gilt-edged showed little inspiration, still awaiting a more definite downward trend among United States interest rates which continue to perform erratically.

In long, prices showed little change on Tuesday's level, while in shorts falls of around 1p were registered.

Leading industrials clearly reflected the lack of interest with falls of 4p in ICI at 285p, 2p in Beechams at 215p, 4p in Glaxo at 368p, 5p in Unilever at 532p, 2p in Hawker Siddeley at 324p, 3p in Boverat at 267p, 2p in GKN at 155p and 8p in TSB at 34p.

BAT Industries managed a 2p increase at 363p, after its annual meeting, but British tobacco expected figures, Aerospace lost 6p at 221p, after

its annual meeting earlier in the week.

A strong second-half performance added 3p to Tesco at 350p, while in turn, inspired several other food shares. Nurdin jumped 8p to 248p, J. Sainsbury 3p to 392p, Kwik Save Discount 2p to 214p and Argyle Foods 1p to 117p.

Full-year figures from Johnson Matthey were a strong feature after hours rising 15p to 270p. After the better than expected increase, while the scrip issue added 6p to Dawson International at 191p. Other companies to benefit from improved performance included Bakers, Household Surplus 10p to 156p and Downa Surgical 1p to 261p. Ernest Jones rose 2p to 102p on better than expected figures.

But disappointing trading news cut 5p from Bell & Sime at 155p.

Still reflecting recent trading news, Alpine Soft Drinks rallied 6p to 146p, Eucalyptus Pulp 6p to 159p while Trident T7 A fell 1p to 513p, J T Parrish 7p to 185p and Standard Fireworks 2p to 134p.

Imperial Continental Gas, reporting soon, jumped 10p to 198p.

Shares of Camrex improved 3p to 48p on the news that it

had received an unwelcome approach from Hawley Leisure, 3p lower at 74p. Dufay Bitumastic, which is 30 per cent owned by Camrex, rose in sympathy 4p to 47p.

Meanwhile, Bellway recovered 21p to 86p after the breakdown of talks with Wm Leech, unchanged at 86p. However, Parings raced ahead 12p to 280p after the final bid from Apollo International in opposition to an earlier offer from Hampton Gold.

Microfilm Reprographics advanced 40p to 89p, after its successful launch on Tuesday, and Dowdy greeted news of the increased grant to the NCB with a 6p rise at 283p.

Speculative attention resulted in good gains for J J Dewhurst 7p to 80p, Inter City 4p to 71p, and Flight Refuelling 12p to 375p, with favourable comment for an extra 30p on Fortnum & Mason and 31p on Premier Oil at 73p.

The Midland rights issue rumour dragged the rest of the banks lower in this trade, with Barclays losing 3p at 325p, Lloyds 2p at 378p.

Equity turnover on June 16 was £17.131m (15.849m bargains). Active stocks yesterday, according to the Exchange Telegraph, were: Camrex, Dufay, Global Natural Res, Inter City, Johnson Matthey, Rother EMI, Sainsbury, Standard Fireworks, TSB, Unilever, and Wm Leech.

Latest results

Company	Share	Profits	Earnings	Div	Pay	Year's
Int of Fin	£m	£m	per share	pence	7/8	total
Baker's Stores (I)	3,172.46	0.52(0.39)	5.02(3.81)	0.65(0.54)	1/2	1,320
Bell & Sime (F)	4,37(4.57)	0.24(0.13)	34.27(39.39)	2.51(1.32)	—	4,050(75)
Bisland Tm (F)	1,91(1.3)	0.27(0.13)	1.91(1.3)	0.65(0.3)	—	0.65(0.3)
Brooke Tools (I)	4,37(5.27)	0.05(0.31)	—	13/7	—	(3.5)
Dawson Int (F)	181(159)	20.57(18.24)	22.52(24.4)	0.61(0.52)	27/8	8,25(7.5)
Downa Surgical (F)	15,21(14.3)	0.27(0.94)	0.83(0.3)	0.61(0.3)	—	0.83(0.3)
Heron Motor (F)	88.5(121.7)	45.6(38.6)	27.4(23.5)	1.4(1.4)	10/10	0.31(7.2)
Johnson Matthey (F)	903.5(823.7)	1.07(1.21)	5.2(5.8)	2.0(2.0)	14/8	(6.52)
Ernest Jones (I)	5,93(5.66)	0.09(0.27)	3.9(3.8)	3.2(3.2)	27/7	3.92(3.2)
Notch Brick (I)	1,981(2.28)	35.1(36.5)	9.04(10.58)	1.5(1.4)	9/7	2.55(2.41)
Scott's Restaurant (F)	1,916(1.602)	—	—	—	—	—

Dividends in this table are shown net of tax on pence per share. Elsewhere in Business News dividends are shown on a gross basis. To establish gross multiply the net dividend by 1.428. Profits are shown pretax and earnings are net. *Adjusted for scrip issue; †Loss.

Bank Base Rates

Company	Rate
ABN Bank	12%
Barclays	12%
BCCI	12%
Consolidated Credits	12%
C. Hoare & Co	12%
Lloyds Bank	12%
Midland Bank	12%
Nat Westminster	12%
TSB	12%
Williams and Glyn's	12%

* 7 day deposit on sums of £10,000 and under, 9% over £10,000.

M. J. H. Nightingale & Co. Limited

27/28 Lovat Lane London EC3R 8EB Telephone 01-621 1212

The Over-the-Counter Market

1980/81	High	Low	Company	Price	Chg	Div	Yld	P/E	Fully
									Adjusted
76	39	39	Airsprung Group	69	-	4.7	5.8	11.0	15.2
52	21	21	Armstrong & Rhodes	47	-	1.4	3.0	19.3	44.8
200	92	92	Bardon Hill	200	-	9.7	4.0	7.5	12.8
104	88	88	Deborah Services	103	-	5.5	5.3	5.1	9.7
126	88	88	Frank Horsell	104	-	6.4	6.2	3.3	6.0
110	59	59	Frederick Parker	63	-	1.7	2.7	2.4	—
110	59	59	George Blair	63	-	1.7	2.7	2.4	—
110	59	59	Jackman Group	106	-	7.0	6.6	3.3	7.5
129	103	103	James Burroughs	123d+1	-	8.3	8.6	10.5	10.5
334	244	244	Robert Jenkins	316	-	31.3	9.9	—	—
55	50	50	Scruttons "A"	55	-	5.3	9.6	8.5	7.9
224	196	196	Torday Limited	198	-	15.1	7.6	7.6	13.1
23	8	8	Twinklark Ord	344	-	—	—	—	—
90	68	68	Twinklark 15% ULS	80	-	15.0	18.8	—	—
25	15	15	Unifork Holdings	41	-	2.0	7.3	6.3	10.0
102	81	81	Waters Alexander	104	-	5.7	5.7	—	—
263	181	181	W. S. Yeates	253	-	13.1	5.2	14.0	9.7

BRITISH-BORNEO PETROLEUM SYNDICATE, LIMITED

Extracts from the Statement of the Chairman, Mr. Campbell Nelson, at the 67th Annual General Meeting held in London on 17th June, 1981.

The Stock Exchange value of our listed investments at the end of the year was a record £14,511,000 showing an unrealised appreciation of £10,617,000 which is an improvement of £2,240,000 over the appreciation at the end of the prior year.

In order to give a fair comparison of our earnings and dividends for the year ended 31st March 1981, the special dividends received from the income accumulators during the year of dividend restraint, the gross amount of these dividends was £57,000 and the net amount was £158,000 and we paid out of that source a special net dividend of £325,000.

The pre-tax profits for the year were £1,098,000 which exceeded the prior year by £191,000. Profit after taxation for the year was £720,000, an improvement of £135,000 over the prior year. The cost of the interest and provision for depreciation was £547,000, an increase of £119,000 over the prior year and representing a 76% distribution of net earnings.

The make-up of our listed investments at 31st March last at their Stock Exchange values was 85% oil companies, 6% industrial, 8% gold mining and mining finance companies and 3% preference shares.

Our investment in Western Canadian Oil and Gas ventures totalled £390,000 at the year end at which £250,000 was expended during the year under review. The main expenditures were in the Ochoa area in Alberta. We have been successful in our drilling to date but there remain a number of prospects in the three areas, Ochoa and Midland in Alberta and Boundary Lake in British Columbia which require further study before deciding upon a work programme. Our expenditures in Western Canada for the current year are expected to be approximately £1.5 million.

We have recently taken steps to invest in the business of oil and gas ventures and related activities in the U.S.A. Our investment will be the business and early direct participations in ventures. Our expenditures for the current year are projected at £1 million.

For the current year we can expect a higher income from our investment and a continuance of profits on realisations to give us a good result for the year.

Copies of the full Statement and the 1981 Report and Accounts are available from the Secretaries, The Company, Pembroke House (3rd Floor), 40 City Road, London EC1Y 2AD.

Heron Motors drops to near £1m loss

By Margaret Pagano

Heron Motor Group, the publicly-quoted subsidiary of Heron Corporation, yesterday described last year's trading as the most difficult for retail motor traders in more than 35 years.

Losses of £989,000 compared with pretax profits last time of £206,000. Sales were down at £206,000 in the year to March, against £121.73m the previous year. The final gross dividend is halved at 0.57p, making a total gross for the year of 1.14p against 2.45p. Shares dipped 1p to 28p.

Mr. Harry Cressman, managing director, blamed poor trading on the massive over-supply in the car market last year. Heron's stocks, he said, have not been reduced by some 40 per cent to bear closer resemblance to consumer demand. Heron, deals in Ford, B.L. Fiat and others, and its Rolls-Royce

sales have stood up well, particularly in the south-east.

The results were especially disappointing after the drastic action taken to reduce and tighten operations. Mr. Cressman said. Over the last three years the group has closed more than 30 outlets and rationalized where possible. Its leasing, truck and van rental companies, which suffered most problems, are still being restructured.

Heron gives no forecast for present trading but points to the group's balance sheet which has thrown up a £2.4m surplus over book value after a revaluation of properties.

Heron Corporation also released its figures yesterday for the year to March 1981. On sales decreased to £302m against £315m; pretax profits were nearly £3m ahead at £13.43m.



Hawker Siddeley

A reasonably good result was in view for Hawker Siddeley Group this year, Sir Arnold Hall, chairman, told the annual meeting in London yesterday.

Giving the board's opinion of the outlook, Sir Arnold (pictured) stated: "In the longer term we take a reasonably view of world demand for engineering products of our kind. In the short term, we are not through the economic difficulties, particularly in the United Kingdom. As a result, a good result is in view for this year."

Camrex shares leap after Hawley move

The shares shot up 10p to 55p, settling at 52p. With net asset backing a share of about £50, the group is expected to offer to the public at a price well above the market price.

Mr. Ian Bolton, finance director of Camrex, said that the company was anxious to learn Hawley's intentions because of present uncertainty. Hawley received earlier this week informed Camrex of Hawley's increased stake and Camrex immediately asked for talks.

Mr. Michael Ashcroft, chairman of Hawley, said last night that he was very pleased by Camrex's statement. He said that talks in May had tried for an agreed takeover.

Rival bid for Paringa

Australian company, Apollo International Minerals yesterday snapped up 35.7 per cent of Paringa Mining and Exploration and is offering 80p in cash per share in a rival bid for the company. The values Paringa at £5m, and comfortably exceeds

Paringa's £4.5m. The offer is being made by Apollo, which is offering 80p in cash per share in a rival bid for the company. The values Paringa at £5m, and comfortably exceeds

Ernest Jones down 11pc

Ernest Jones, the jewellers, yesterday reported pretax profits 11 per cent down on the six months to March, 1981.

Profits of £11m compare with £12m last time on sales up 12 per cent at £53m. The share price gained 2p to 102p on the news. The interim gross dividend is unchanged at 2p.

Business appointments

Mr. M. N. H. Jenkins has been appointed chief executive of the London International Financial Exchange (LIFFE).

NCB Funds' £132m US property bid

By Peter Wainwright

The National Coal Board pension funds have launched their second bid in two years. They have made an offer worth \$250m (£132m) for Connecticut General Mortgage and Realty Investments through the funds' United States property investment subsidiary, Second Sovereign Properties. Second

of the group's ordinary shares with appropriate offers for the two cities of convertible subordinated debenture stocks.

The tender offer values Connecticut at \$265m, and Second Sovereign wants at least 66 per cent. The recent stock market price of Connecticut was \$26, though it rose to \$30 on Monday.

United States commercial property values have been rising since the end of 1979, but they are still higher than in the United Kingdom, which the Coal Board funds have avoided for the past two years. Big European institutions and property groups have moved into the United States and its property appeal is now attracting indigenous pension funds, many of which dwarf the National Coal Board funds in size.

The National Coal Board funds are, however, the largest British institutional investors in United States property. They bought Connecticut Illinois Properties in 1973. Connecticut General yesterday issued a holding statement, and said it was consulting advisers.

Briefly

Trading Hall Securities yesterday indicated price index for the United States market, which is to be published daily in the Financial Times. The all-share index was devised to give an accurate representation of the 43 stocks now under the USM umbrella. The index, which is a fully compounded price system, shows a 20 per cent increase from market inception—November 1962 to June 1981, compared with a 10 per cent increase in the FT-All Share Index.

Downs Surgical: Although sales rose from £14.53m to £16.24m, the year to March 31, 1981, pretax profits slumped from £245,000 to £275,000. Dividend being cut from 2.25p to 0.85p.

Brooks Foot Engineering (Holdings) Ltd. full-year to March 31, 1981, £25.27m (£25.27m). Pretax profits, £55,500 (£51,500). Interim payment, gross, cut from 2.0p to 1.0p.

Local authority bonds: Interest rate on this week's batch of local authority securities, 100 (last week, 134 per cent at 100).

British & American Film Holdings: Pretax profits for 1980, £254,000 (£488,000 last time). Dividend, gross, goes up from 3.5p to 4.1p.

Mid Southern Water: Offer for sale, by tender of 58m, 9 per cent redeemable preference shares, £24.2m of stock. Underwriters will be required to take up balance.

Baker's Household Stores (Leads): Turnover for year to March 28, 1981, £21.1m (£24.6m). Pretax profits, £253,000 (£397,000). Interim payment, gross, effectively reduced from 74p to 0.52p.

Discount market

Credit conditions tightened somewhat late in the session after a comfortable start. The Bank of England assisted the market on a small scale.

Bids for secured loans, generally in the area of 10 1/2 to 11 per cent until lunchtime, moved up to 11 1/2 per cent briefly before easing off slightly to 11 per cent for final balances.

Sterling: Spot and Forward

	June 17	
New York	31.9940-2.0050	51.23
Montreal	32.4000-41.10	52.35
Amsterdam	20.20-21.10	14.40
Brussels	76.50-77.50	52.40
Copenhagen	14.59-74K	1.43
Dublin	1.2390-50p	1.23
Frankfurt	4.67K-70sp	4.64
Lisbon	152.78-15A 00K	1.24
Madrid	158.75-157.75p	1.24
Milan	21.69-70p	23.33
Oslo	11.38-73K	1.23
Paris	11.10-15K	10.10
Stockholm	9.95-10.03K	10.10
Zurich	4.07-10K	4.06
Vienna	33.05-20ach	33.05
Toronto	4.07-10K	4.06

Effective exchange rate compared to U.S. dollar

No striking out before defence

negotiations for completing the contract, the contract price being more than £1m.

He asked the Austrian company if they would do a private deal with him instead of with the plaintiffs and they agreed

the plaintiffs and they agreed to be bound by the decision of the court subject to certain conditions. H. W. Technology was incorporated for that purpose and the application form was signed by Mrs. Collins, Mrs. Bird and Mrs. Sadler in their maiden names and giving addresses other than their usual addresses.

There was a question to be decided by the trial judge as to whether that was in breach of section 21 of the Companies Act, 1976, Form 1 and Note 3 to the Companies (Forms) Regulations, 1979, (SI No 1547 of 1979) provides that where a married woman 'is to be' a director she must also state her

Mr Shore was at all material times the branch manager of Lloyds Bank at Colmore Row, Birmingham, and the bank agreed to become bankers to H. W. Technology and so acted before and after its incorporation. The contract with the Austrian company provided for an irrevocable guarantee from Lloyds of £150,000 for the

The plaintiffs relied on five causes of actions against the bank. (1) It participated knowingly in a dishonest and fraudulent design. (2) It received and became chargeable with some part of trust property. (3) It assisted in the procurement of a breach of contract. (4) It unlawfully interfered with the plaintiff's business. (5) It knowingly

His Lordship concluded that there was no evidence that the plaintiffs had been disclosed no cause of action against the bank, which had submitted that it was merely an ordinary banking transaction.

A defence had been put in by the solicitors which mainly put the plaintiffs to proof, and that the bank had been wholly uncooperative. He could only conclude that the bank did not want to give discovery.

The notice of motion was

misconceived and would be dismissed. The bank should put in a defence and give discovery. It could then try to raise a preliminary question of law.

**Solicitors: White & Leonard
for: Broomheads & Neale,
Sheffield; Cameron Markby.**

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Solicitors: White & Leonard for Broomheads & Neale; Sheffeld, Cameron Markby.

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هَذَا مِنْ الْأَعْيَانِ

The Bani-Sadr crisis

Iran crowd bay for President's blood

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